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ABSTRACT

This packet, which was developed as part of the Earned Income Credit Campaign 2000, contains an information booklet, a guide to outreach strategies, and accompanying materials to raise low-income workers' awareness of the Earned Income Credit (EIC) and other tax credits available to low-income taxpayers. The following are among the topics discussed in the booklet: the EIC Campaign 2000 network; the EIC's provisions and operation; explanation of how childless workers can qualify for the EIC; the EIC advance payment option; the Volunteer Income Tax Assistance program, which provides free tax preparation for low-income workers; commercial tax preparation and the EIC; low-income taxpayer clinics; Workfare payments and the EIC; questions and answers about the EIC; efforts to control EIC errors and overpayments; talking points on the EIC; the Child Tax Credit; the Child and Dependent Care Credit; EIC benefits for tax year 1999; and EIC participation for tax year 1998 by state. Also included are the following EIC outreach campaign tools: reproducible English/Spanish EIC flyer, brochures, and envelope stuffer; two English/Spanish EIC color posters; EIC campaign outreach strategy guide; EIC campaign list business reply card; pertinent Internal Revenue Service forms and instructions; and Children's Health Insurance outreach kit request form. The outreach guide's topics include how to set up a hotline and how to use the media. (MN)

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Help Workers Boost Their Paychecks!

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Promote the Earned Income Credit

THE EARNED INCOME CREDIT CAMPAIGN
EIC2000

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Help Workers Boost Their Paychecks!

The Earned Income Credit 2000 Outreach Kit

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More Money for Workers in Kansas, Maryland, Massachusetts, Minnesota, New York, Vermont, Wisconsin — and now Colorado, too!

In addition to the federal EIC, low-income workers in these states can receive extra money from a refundable state EIC. Because the state EIC is in addition to the federal credit, the EIC amounts you see in this kit will be lower than the combined federal and state EIC benefits available to workers in these states. Consider adding the amount of your state credit and instructions for applying for it to the kit materials. For more information, contact your state department of revenue.

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December 1999

Dear Friend,

Thanks for your interest in the **Earned Income Credit Campaign 2000**, a national effort to "Help Workers Boost Their Paychecks!" By joining the Campaign, you can become one of thousands of organizations around the country helping millions of low-wage workers obtain a vital federal tax benefit. In 1998, over 4.8 million people — more than half of them children — were lifted out of poverty by the EIC. In 1999, over 19 million families and individual workers received credits worth more than $30 billion.

This year the credit can boost paychecks higher than ever before — it's worth more than $3,800 for some families. Many families that were formerly on welfare are entering the labor market at very low wages and will badly need the wage supplement the EIC provides. For these workers, EIC advance payments, which provide part of the credit in the worker's regular paycheck, will be particularly important. The EIC can also help workers keep their jobs by helping them pay for job-related needs such as child care or transportation.

Goals of EIC Campaign 2000

Make sure workers know about EIC — As always, the most important goal of the Campaign is to ensure that eligible workers get the EIC. Many workers who are eligible aren't getting the credit — either because they haven't heard about it, don't know they're eligible or don't know how to apply. In addition, each year many workers become eligible for the first time. For these reasons, educating potential recipients is essential.

Weave EIC outreach campaigns into welfare-to-work initiatives — The Campaign continues to encourage welfare departments, job training programs, employers and others to ensure that individuals leaving welfare for work know about the EIC and how to claim it. Last year, Washington State's expanded EIC outreach efforts, that targeted families leaving welfare for work, resulted in a substantial increase in the rate of EIC participation among former cash assistance recipients. Also, more businesses around the country are now assisting their employees in obtaining the credit, particularly EIC advance payments.

Stress outreach to eligible immigrant workers — Many legal immigrants remain unaware that restrictions on their receiving food stamps or other public benefits do not apply to the EIC. In fact, many legal immigrant workers are eligible for the EIC and need this income boost. They may also need assistance with tax forms to claim their EIC.

Promote free tax filing assistance to help workers save money and avoid filing errors — Low-income wage earners can avoid misunderstanding complicated tax rules, and making mistakes that may result in IRS penalties, by getting help filing their tax returns from a qualified individual. When tax filers get help for free through services like Volunteer Income Tax Assistance (VITA), they also avoid paying fees that drain money from their EIC.

The EIC can make a real difference in the lives of many low-income workers, as long as they know it's there and understand how to get it. Whether you put up a poster, pass out brochures or run a full-fledged campaign, your work has an impact. We appreciate your participation in this important effort. The Center's EIC Campaign staff is available to answer your questions and provide you with technical assistance on running an effective EIC Campaign. Feel free to call us at 202-408-1080, or send us email at eickit@cbpp.org.

Sincerely,

Donna Cohen Ross
Director of Outreach

John Wancheck
Campaign Coordinator

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The Earned Income Credit:
Extra Money for People Who Work

What is the Earned Income Credit?

The EIC is a special tax benefit for working people who earn low or moderate incomes. It has several important purposes: to reduce the tax burden on these workers, to supplement wages, and to make work more attractive than welfare.

Workers who qualify for the EIC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year. They may also get extra cash back from the IRS. Even workers whose earnings are too small to have paid taxes can get the EIC. What's more, the EIC reduces any additional taxes workers may owe.

Who can get the EIC and how much is it worth?

Single or married people who worked full time or part time at some point in 1999 can qualify for the EIC, depending on their income.

- Workers who were raising one child in their home and had family income of less than $26,928 in 1999 can get an EIC of up to **$2,312.**
- Workers who were raising more than one child in their home and had family income of less than $30,580 in 1999 can get an EIC of up to **$3,816.**
- Workers who were not raising children in their home but were between ages 25 and 64 on December 31, 1999 and had income below $10,200 can get an EIC of up to **$347.**

Which children qualify for the EIC?

"Qualifying children" include: sons, daughters, stepchildren, grandchildren and adopted children, as long as they lived with the taxpayer for more than half the year. Nieces, nephews, children of a friend or foster children can be "qualifying children" if they lived with the taxpayer all year and were cared for as members of the family.

"Qualifying children" must be under age 19, or under age 24 if they are full-time students. Totally and permanently disabled children of any age also are considered "qualifying children." A valid Social Security number is required for any qualifying child born before December 31, 1999.

How does the EIC work?

- **Eligible workers can get a check from the IRS.** Ms. Berger has two children in college and earned $19,000 in 1999. Her federal income tax for the year was $660, all of which was withheld from her pay. She is eligible for an EIC of $2,439. The EIC pays her back the $660 she paid in income tax and gives her an additional cash refund of $1,779.
- **Eligible workers who don't owe federal income tax can get a check.** Mr. Smith has no children. He worked part time in 1999 earning $4,900. Because of his low earnings he had no income tax taken out of his paycheck and owes nothing to the IRS. His earnings entitle him to an EIC check for $347.

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- **Eligible workers pay less in taxes.** Mr. and Mrs. Johnson have two children. They earned $26,000 in 1999 and owe the IRS $1,000 more than what was withheld from their pay during the year. But their income also makes them eligible for an EIC of $964. The EIC reduces the additional taxes they owe from $1,000 to $36.

How do you get the EIC?

- Workers raising children in 1999 must file either Form 1040 or 1040A and ***must*** fill out and attach Schedule EIC. Workers with children cannot get the EIC if they file Form 1040EZ or fail to attach Schedule EIC. Married workers must file a joint return to get the EIC.
- Workers who were not raising children in 1999 can file any tax form — including the 1040EZ. These workers write "EIC" (or the dollar amount of their credit) on the Earned Income Credit line on the tax form. They do **not** file Schedule EIC.
- A correct name and Social Security number must be provided for every person listed on the tax return and Schedule EIC. If this information is incorrect or missing, the IRS will delay the refund.
- Workers don't have to calculate their own EIC; if they choose, the IRS will do it for them!

Workers raising children can get the EIC in their paychecks!

Workers who are raising children can get part of their EIC in their paychecks throughout the year and part in a check from the IRS after they file their tax return. This is called the advance payment option. *For more information, see the sheet called "Increasing Workers' Take-Home Pay."*

Workers can get FREE help filing their tax forms

Many families that apply for the EIC pay someone to complete their tax forms. This can cost $25 to $65. Getting a "quick tax refund" that comes back in a few days costs even more. Paying for tax preparation takes away from the value of the EIC. But low-income workers can get free help with tax preparation through a program called VITA (Volunteer Income Tax Assistance). *For more information, see the sheet in this kit called "VITA! Free Tax Preparation for Low-Income Workers."*

Does the EIC affect welfare benefits?

In most cases, the EIC does not affect eligibility for benefits like cash assistance ("welfare"), Medicaid, Food Stamps, SSI, or public or subsidized housing. *For more information, see the sheet in this kit called "Questions and Answers about the EIC."*

Can immigrant workers get the EIC?

Many legal immigrants can qualify for the EIC, as long as they meet the eligibility requirements. *For more information, see the sheet in this kit called "Questions and Answers about the EIC."*

The materials in this kit should answer many questions about the EIC. *For more information, call the IRS at 1-800-TAX-1040. The 24-hour line is often busy, so be patient!*

Workers Without Children Can Qualify for the EIC

Very low-income workers who are not raising children in their home are eligible for a small Earned Income Credit. In tax year 1997, over 3.6 million such workers received credits worth more than $760 million. The credit is available to people who worked full or part-time in 1999 and:

- were at least age 25 and under age 65 on December 31, 1999
- had earnings of less than $10,200
- were *not* raising children in their home who were under age 19 (or under age 24 if the child was a full-time student) for more than six months during 1999
- were *not* the dependent or qualifying child of another taxpayer in 1999

The credit for workers not raising children is worth up to $347 for tax year 1999 — the average is expected to be about $210. This credit works the same way as the regular EIC: it gives back some or all of the federal income tax taken out of a worker's pay during the year. The worker may also get additional cash back from the IRS. Even workers whose earnings are too small to have paid federal income tax can get the credit.

How do you get this credit?

Eligible workers not raising children get the EIC by *filing a federal income tax return.* They can use Form 1040, 1040A, or 1040EZ. On the "Earned Income Credit" line they simply fill in the amount of their credit or write "EIC" and the IRS will calculate the amount of the credit for them. Married workers must file a joint return to claim this credit.

Good News! If a worker doesn't fill in the credit amount or write "EIC" on the tax form, the IRS will automatically figure out if he or she appears to be eligible for the credit. If so, the IRS will send the worker a notice requesting additional information. The worker claims the EIC by submitting the additional information requested. Any refund owed to the worker will be received later in the year.

Phone it in! In 1999, nearly 6 million taxpayers filed their 1040EZ tax returns automatically by telephone. In 2000, this option will be available to single and married workers with no dependents who used the 1040EZ to file their 1998 tax returns and are still at the same address. The IRS will send these workers a special "Telefile" packet with instructions and a special personal identification number (PIN). Using the tax forms and worksheets provided, taxpayers call the IRS Telefile number and key in the PIN and their tax form information. A touch-tone telephone is necessary (Telefile is available for the hearing impaired who have access to TDD/TYY equipment). *If the taxpayer is eligible for the EIC for workers not raising children, the credit will be calculated automatically.*

Why is the credit for workers not raising children important?

It provides a financial boost to those who work at very low wages or are only able to find part-time work. This includes many day laborers, migrant workers, temporary employees, homeless people and general assistance recipients who worked part of the year.

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What do we know about the workers eligible for this credit?

Population statistics tell us about workers likely to qualify for this credit.

- The average annual earnings for these workers is about $4,400. One third of them work in service industries. About one-sixth work full time, year round.
- About 70 percent of these workers have at least a high school diploma.
- The majority of these workers — approximately 64 percent — are non-Hispanic white. About 16 percent are African-American, and about 15 percent are Latino.
- Only about 15 percent are married. About 47 percent are single men and 38 percent are single women.

What are the special outreach challenges?

- For some, the EIC credit may seem too small to make filing a tax return worthwhile.
- Some may fear entering the tax system either because they haven't filed taxes in a long time or because they owe child support.
- Sometimes, very low-income workers distrust their employers. As a result, EIC information they receive from employers may not be viewed as legitimate. If you give employers materials to distribute, add the name and number of a contact organization that is trusted by workers in your community.

How do you reach them?

Focusing outreach efforts on the grassroots level may combat mistrust. Try tenants' associations, food banks, and English as a Second Language classes. Consider distributing EIC materials at:

- Veterans Administration hospitals or service centers
- Community colleges with large populations of non-traditional students
- Vocational rehabilitation centers
- Drop-off and pick-up spots for day labor
- National and regional service industry chains
- Jobs programs for the homeless and homeless shelters
- Transitional housing programs

For more ideas on reaching workers likely to be eligible for this credit, see the Strategy Guide in this kit.

Increasing Workers' Take-Home Pay: The EIC Advance Payment Option

What is advance EIC payment?

Most workers get the EIC in one large check from the IRS after they file a tax return. But there is another choice: employers can add part of a worker's EIC to every paycheck, and the worker gets the rest of the credit after filing a tax return. This is called "advance EIC payment."

In 2000, advance EIC payments are available to any worker with at least one qualifying child who expects 2000 income of less than $27,413. The credit for workers who are not raising children in their home is not available in advance payments.

What are the advantages of advance payment?

For many workers, getting part of their EIC in each paycheck can make a difference in paying the rent, buying groceries, and meeting other day-to-day needs. A worker earning between $490 and $1,000 a month, for example, can get about *$50 extra in each bi-weekly paycheck.* Employers also benefit from promoting advance EIC payments — they can help employees increase their take-home pay at no cost to the business. This can decrease turnover in the workplace.

Protection against overpayment

Some workers decide against advance payments because they want a large refund at tax time. But some workers also fear they will receive too much in advance, and owe money back to the IRS after the end of the year. However, the advance payment procedure has built-in protections against overpayment. Normally, workers who choose advance payment can get about half, or less, of the EIC amount they're entitled to for the year. They get the rest as a refund when they file their tax return. This means workers can get advance payments and a year-end refund! And, because workers receive only part of their EIC during the year, they're protected against getting too much in advance and owing some back at the end of the year.

Some workers should not choose advance EIC payment

Advance EIC payments are based on the total income workers **expect** their families to earn in a year. Changes in income or family size during the year can decrease the EIC (and therefore the advance payments) for which workers are eligible. If a worker continues to receive advance payments based on an incorrect estimate of yearly income, these payments may exceed the amount of the EIC. In this case, the worker would have to send the IRS a check at tax time to make up the difference. The following workers should not use the advance payment option:

- Workers who hold more than one job
- Workers who get married during the year
- Workers with a working spouse, unless spouses take advance payments
- Workers whose earned income increases a lot *both* during the year

How do you get the advance payment?

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Getting advance EIC payments is not hard. Eligible workers fill out a **W-5 form** called the "Earned Income Credit Advance Payment Certificate" and give the bottom part to their employer.

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The W-5 is available from employers. A sample W-5 form also is included in this kit and may be photocopied and distributed for use by eligible workers.

Eligible workers can file a W-5 at any time during the year, but they must file a *new* W-5 at the beginning of each year to continue getting the EIC in their paychecks.

If workers are planning to get married or expect a large increase in income during the year, they should ask their employer to stop putting advance EIC payments in their paychecks. To do this, workers file a new W-5 form with their employer and indicate they don't want to receive advance payments anymore.

Married workers can choose advance payment, but if they do, *both spouses should give a W-5 to their employers.* The box on the W-5 indicating the worker's spouse also has a W-5 in effect should be checked "yes." This signals the employer of each spouse to figure the correct amount of the advance payment and avoid an overpayment of the EIC. If only one spouse chooses advance payment, the advance payment amount he or she receives may be too high.

Remember! Workers who get advance payments during the year *must* file a tax return after the end of the year and include the total amount received in advance payments. They must also complete Schedule EIC and attach it to their tax return.

Some workers aren't eligible to use advance payments

Some workers who are eligible for the EIC are *not allowed* to get advance payments, including:

- Workers without qualifying children
- Farmworkers who get paid day by day
- People with no Social Security and Medicare taxes withheld from their pay
- Self-employed workers, who cannot advance the EIC to themselves

What is the employer's role?

Advance payments don't cost employers money. Employers simply subtract the advance payments they have added to their workers' paychecks from the total taxes withheld from all employees they would otherwise deposit with the IRS. Most employers with automated payroll systems can easily program advance payments into their systems.

Some employers may not be aware of the advance EIC payment option. But under federal law, any eligible employee who files a W-5 with an employer must be given advance payments. Employers are not required to make sure employees are eligible for the EIC — that is the employee's responsibility. *For more information, see the IRS Employer's Tax Guide, Circular E. It's available for free by calling* **1-800-TAX-FORM**. *Also see the IRS website containing information on advance EIC at: www.irs.ustreas.gov/ind_info/eitc4.html.*

VITA! Free Tax Preparation for Low-Income Workers

Why is this important?

Many workers who are eligible for the EIC don't feel comfortable filling out their tax forms themselves. But hiring a commercial tax preparer may cost them $25 to $65. It can cost another $30 to $60 to get a "quick refund" that comes back in just a few days. New IRS procedures affecting the time it takes to issue refunds may make this service even more expensive. Paying for tax preparation takes away money from a worker's EIC. Since people who are eligible for the EIC earn low incomes, it usually doesn't make sense for them to pay for tax preparation when there is another choice: **VITA.**

VITA stands for Volunteer Income Tax Assistance. It is a free, IRS-sponsored program to help low-income workers, including anyone eligible for the EIC, fill out their tax forms.

The facts about VITA

Most communities have several VITA sites, although there are not as many in rural areas. VITA sites are located in churches, libraries, shopping malls, community colleges, and other public places.

VITA sites are open from late January or early February through April 15. Most operate on a first-come, first-served basis. VITA volunteers are trained by the IRS to fill out tax forms and answer questions.

More VITA sites are becoming equipped to file tax forms electronically, or they can arrange for this to be done at a central location after the return is prepared. Filing electronically — having a return completed by computer — helps filers get a faster turnaround on a refund and makes it less likely that incomplete forms will be filed. This helps avoid refund delays.

The main problem with VITA is that not enough people use it!

Why don't more people use VITA?

- Most people don't know about it.
- VITA sites can be hard to find. The only way some taxpayers know to find VITA locations is to call the IRS at 1-800-TAX-1040. Unfortunately, that phone line is often busy. A list of the IRS's regional taxpayer education/VITA coordinators is provided in this kit. They can be reached more easily and can supply a list of VITA sites in your area that you can publicize.
- Some communities don't have VITA sites, usually because the IRS can't find enough volunteers. The IRS will generally welcome help in setting-up VITA sites in these areas.
- Sometimes VITA sites are not well-located for those who need them the most. Or they may not be open at times when some workers can take advantage of them.

What you can do to make sure more people use VITA

1. Do a mailing and distribute flyers

Mail a list of VITA sites in your area to local churches, employers, unions, and welfare offices and ask them to refer workers to the nearest sites. Get the site location list from your regional IRS Taxpayer Education Coordinator.

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2. Talk to the media

You and your local IRS office can issue a press release or hold a press conference together about VITA — what it is, why it's important to workers filing for the EIC, and where VITA sites are located.

3. Set up a hotline

An EIC telephone hotline can refer callers to the nearest VITA site. Ask to use the information line at your local United Way or hire an answering service. You may be able to operate an in-house hotline with the help of a voicemail system. Interns or volunteers can be trained to answer questions and send callers materials, such as the Schedule EIC tax form and a list of local VITA sites.

4. Team-up with your local VITA coordinator

Help recruit VITA volunteers. Try local accountants, retired professionals, accounting students, paralegals, legal secretaries, and others. If you gather the volunteers early enough (several weeks before tax filing begins), the IRS will train them. You can also assist the VITA coordinator in finding locations for VITA sites and increasing public awareness of the program. VITA coordinators have expressed interest in receiving calls from EIC Campaign partners.

5. Help VITA sites get electronic filing systems

Some people pay for commercial tax preparation because they can have their returns filed by computer, and the refund is likely to come back quicker. Talk with your VITA coordinator about arranging for electronic filing at VITA sites.

What do workers need to bring to a VITA site?

- A copy of their 1998 tax return, if they have one.
- Social Security numbers, for the worker, spouse and *any children in the household born before December 31, 1999.* It is helpful to bring the Social Security cards, if available, to ensure the necessary information is copied correctly onto the tax return.
- W-2 forms from all 1999 jobs. Workers who didn't get W-2s should still come to VITA. Volunteers can assist in verifying income.
- 1099-G form if they received unemployment insurance benefits at any time in 1999.
- 1099-INT if they received bank interest in 1999.
- Any statements received from a mortgage company during 1999.

Commercial Tax Preparation and the EIC: Helping Workers Keep All of Their Refund

Many workers who are eligible for the EIC don't fill out their tax forms themselves. They may not know how to do it. There may be a language barrier. They may be worried they will make a mistake. Whatever the reason, IRS data indicate half of EIC recipients are paying someone to prepare their tax returns. We estimate that these payments totaled at least $380 million in 1996!

Before workers spend part of their EIC on commercial tax preparation, they should know what it involves and what other options are available to them. Share the information in this fact sheet and distribute the flyer in the kit called "Keep All of Your Income Tax Refund This Year!"

What are the choices when it's time to file a tax return?

1. Fill out the forms yourself. Taxpayers can prepare their tax returns themselves. Instructions for completing forms 1040, 1040A and 1040EZ include worksheets and tables. In addition, IRS Publication 596 "Earned Income Credit," contains helpful examples. These items can be obtained for free wherever tax forms are available or by calling **1-800-TAX-FORM**. Taxpayers can fill in all necessary information and the IRS will calculate the EIC for them.

2. Get free help filling out the forms. The IRS offers free tax preparation through a program called VITA (Volunteer Income Tax Assistance) — an important resource for low-income workers. VITA sites are open all over the country from late January through April 15. Electronic filing (having a return completed by computer to get a faster turnaround on a refund) is available in some VITA sites, and in some cities taxpayers can get free electronic filing at the local IRS office. *For more information about VITA, see the sheet in this kit called "VITA! Free Tax Preparation for Low-Income Workers."* The kit also has phone numbers for the IRS's regional VITA/Taxpayer Education Coordinators who can provide information about VITA locations and the availability of free electronic filing.

3. Pay a commercial tax preparer to fill out the forms. Generally, commercial tax preparers offer these services: help filling out tax returns by hand (about $25 to $40 for a Form 1040 and a Schedule EIC), electronic filing (usually another $25) and quick-turnaround refunds (usually an additional $30 to $60).

Here's one reason paying for tax preparation may not be the best choice:

Ms. Smith is expecting an EIC of $750 and is counting on this money to help pay the security deposit on her apartment. If she goes to a commercial tax preparer she may pay an out-of-pocket fee of $65 for preparation and electronic filing. In a few weeks, Ms. Smith will get a check from the IRS for $750, but it is now worth only $685 because of the fees she has paid.

Paying for tax preparation takes money away from EIC benefits. It means workers have less money to help pay bills and care for themselves and their children. This runs counter to a primary goal of the EIC: improving people's financial stability. That's one reason the IRS offers free tax preparation services through the VITA program.

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What's wrong with 'quick refunds'?

A "quick refund" means a commercial tax preparer files a tax return and the taxpayer gets a check from the preparer within a few days. Actually, the "refund" in this situation is not coming from the IRS, but from the commercial preparer as a loan. The fee for the quick refund is really an up-front interest payment on the loan. The real name for a quick refund is a "refund anticipation loan."

There are several things taxpayers should consider if they're thinking about getting a quick refund:

1. Even though the fee may not seem very high, quick refunds are expensive. Here's why:

Remember Ms. Smith, who is expecting an EIC of $750? If she wants a quick refund, the commercial preparer may charge her an additional $50, meaning that the preparer will loan her the $750 and she will make an up-front interest payment of $50. Had she taken a $750 cash advance on a credit card (with a high interest rate of 21 percent), after two weeks — about the time it takes for the IRS to send a refund check — Ms. Smith would have owed about $6 in interest to the credit card company. For a two-week loan from the commercial tax preparer she is paying $50. That's an interest rate of 173 percent!

2. In the past, the IRS sent a quick signal (called the "direct deposit indicator" or DDI) to tax preparers filing electronic returns, indicating that the IRS would be issuing a refund check to the taxpayer soon. Upon receipt of the DDI, preparers issued the quick refund, confident that the loan would be repaid. In 1995, the IRS stopped issuing DDIs, since the practice does not allow time to validate EIC claims properly. The quick refund business is considered riskier now and, as a result, some tax preparers have raised their fees or no longer offer the service.

3. If the EIC does not come back from the IRS in the amount expected, the taxpayer will have to repay the commercial preparer the difference.

4. If a taxpayer files electronically but doesn't ask for a quick refund, the EIC will still come back more quickly than if the return had been filed by mail.

Recent efforts to improve the quick refund system

A few states have taken steps to give more protection to people who want quick refunds. Commercial tax preparers in these states must now do a better job of informing their customers that they would be taking out a high-interest rate loan. In these states, commercial preparers must:

- Make sure the loan fees and interest rates are clearly advertised.
- Make sure people know they can file electronically *without* applying for a quick refund, how much electronic filing costs, and about how long it will take to get the refund.
- Charge the same fee for basic electronic filing regardless of whether a customer also pays to have a quick refund.
- Make sure people know they will be financially responsible for the loan if their refund does not come back from the IRS.

For more information about these consumer protection measures, call the Center on Budget and Policy Priorities at (202) 408-1080.

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LOW-INCOME TAXPAYER CLINICS

New Taxpayer Assistance Programs

A new IRS program now funds non-profit organizations to provide tax assistance to help low-income taxpayers for whom English is a second language understand their tax rights and responsibilities, or to provide any low-income taxpayers free legal representation to resolve controversies with the IRS.

In 1999, 34 organizations in 18 states and the District of Columbia were awarded $1.5 million in matching grants, ranging between $9,300 and $100,000, to run Low-Income Taxpayer Clinics (LITCs).

LITCs can be an important resource for EIC campaigns. These programs can help increase tax education and free tax preparation programs in communities where many workers do not primarily speak or read English. In addition, grantees that operate legal clinics may be able to:

- assist workers who have been denied a claim for the EIC and wish to appeal the IRS decision;
- assist low-income workers who owe back taxes and need assistance in negotiating a plan with the IRS for what they can repay over time;
- or assist workers who have not received proper wage documentation from their employer.

Below is a list of Low-Income Taxpayer Clinic grantees. These organizations may already be partners in a local EIC campaign or may be willing to provide support to a campaign in their area.

Community Legal Services, Inc., Phoenix, AZ
DNA People's Legal Services, Inc., Window Rock, AZ
Univ. of Arkansas at Little Rock School of Law, Little Rock, AR
California State Univ. at Hayward, Hayward, CA
Central California Legal Services, Fresno, CA
Chapman Univ. School of Law, Orange, CA
Korean Resource Center, Los Angeles, CA
The University Corporation California State Univ. at Northridge, Northridge, CA
Univ. of San Diego School of Law, San Diego, CA
Univ. of Denver College of Law, Denver, CO
Quinnipiac College School of Law, Hamden, CT
Univ. of Connecticut School of Law, Hartford, CT
American Univ., Washington, DC
Central American Resource Center, Washington, DC
Washington DC Center for Public Interest Tax Law, Washington, DC
Univ. of Miami School of Law, Coral Gables, FL
Georgia State Univ. College of Law, Atlanta, GA
Univ. of Idaho College of Law, Moscow, ID
Center for Law and Human Services, Chicago, IL
Chicago Kent College of Law, Chicago, IL
Loyola Univ. Chicago School of Law, Chicago, IL
Maryland Volunteer Lawyers Service, Baltimore, MD
Accounting Aid Society, Detroit, MI
Univ. of Minnesota Law School, Minneapolis, MN
Budget and Financial Management Assistance, Kansas City, MO
Univ. of Missouri Kansas City Tax Law Foundation, Kansas City, MO
Rutgers Univ., Piscataway, NJ
Univ. of North Carolina at Greensboro, Greensboro, NC
Duquesne Univ. School of Law, Pittsburgh, PA
Lincoln Univ., Chester, PA
Univ. of Pittsburgh, Pittsburgh, PA
Villanova Univ. School of Law, Villanova, PA
The George A. Wiley Center, Pawtucket, RI
The Community Tax Law Project, Richmond, VA

A new cycle of grants will be awarded for 2000, for which $6 million is appropriated. *Call the Center on Budget and Policy Priorities if you need assistance contacting any of these organizations. If your organization is interested in making a future application for funding from the "Low-Income Taxpayer Clinics" program, more information can be requested by calling the LITC Grant Program Manager at (202) 283-0181.*

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Workfare Payements and the Earned Income Credit

Workfare Payments are not Earned Income

In 1997, Congress passed a measure that prohibits counting income received from workfare programs as "earned income" for purposes of EIC eligibility. Workfare programs are referred to in the legislation as "work experience" or "community service" programs. This provision does not represent any change in the treatment of workfare payments. Since participants receive a welfare benefit check, such "payments" have never been considered wages or earned income counted toward EIC eligibility. However, since Congress specifically wrote the measure into the Tax Code, the IRS felt it needed to include a new instruction reflecting it, beginning in tax year 1998.

Wages from Subsidized Employment are Earned Income

This prohibition *does not extend to* earnings from the paychecks that workers receive from private or public- sector employment, even if employers receive subsidies from state or local welfare programs. *Such wages can be counted as earned income for the EIC.*

Workfare Background. Under "workfare" programs, welfare recipients are required to participate in work activities as a condition of continuing to receive their monthly cash assistance ("welfare") benefit checks. Recipients are not paid a wage by an employer. States do not issue paychecks to workfare participants, or send them year-end W-2 wage reports or 1099 forms showing workfare payments. The welfare benefits that workfare participants receive do not count as earnings when the EIC is calculated. "Workfare" programs are different from employment programs in which workers are paid wages, including programs under which employers receive subsidies from a state welfare agency or other government agency to defray part of the employers' costs in hiring the workers. So long as an employer pays a worker a wage, the employer should provide a W-2 (or 1099 under some circumstances) and the wages do count as earnings for the EIC.

1999 Tax Form Instructions. The instructions indicate that cash payments (i.e., benefit checks) individuals received from a state or local agency administering a public assistance program under TANF in exchange for work experience activities and community service program activities are not considered earned income for purposes of the EIC.

Possible Errors. Workers may be uncertain of the distinction between payments from workfare programs and their paychecks from subsidized employment; they might mistakenly believe their wages can't be counted as earned income for the EIC.

Workers who need further assistance should be urged to contact the IRS for help at 1-800-829-1040 and to seek help with their tax return from the Volunteer Income Tax Assistance (VITA) program. Organizations wishing more detail on the workfare payments instruction may contact the Center on Budget and Policy Priorities at 202-408-1080.

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Questions and Answers About the EIC

People often have questions about whether they can qualify for the EIC if they live in a non-traditional family, or about whether claiming the EIC will affect welfare benefits or immigrant status. This fact sheet will help you answer these and other questions.

EIC and Welfare Benefits

Can people who work and also get welfare benefits, still get the EIC?

Yes. As long as they earn wages, and meet the income and other eligibility requirements. These workers may use the advance payment option, if they wish.

NOTE! Some welfare recipients are required to participate in "work experience" and "community service programs" (often called "workfare") in exchange for their cash assistance benefits. These benefits are not counted as income to determine eligibility for the EIC. Current or former recipients who are employed in private or public sector jobs for which employers are subsidized through state welfare block grants, or other government programs, do earn wages that count in determining eligiblity for the EIC. ***Please see the sheet in this kit called "Workfare Payments and the Earned Income Credit".***

Will getting the EIC lower other government benefits? Could someone lose benefits altogether?

Generally, no. Under federal rules, the EIC (including advance payments) is not counted as income for Medicaid, Food Stamps, SSI or federally assisted housing programs. The EIC must be spent by the end of the month after the month in which it is received or it can count as a resource in determining eligibility for Medicaid, SSI or federally assisted housing programs. The EIC can count as a resource in determining eligibility for Food Stamps if it is not spent within 12 months of receiving it. Often, if the recipient has few or no other resources, the amount of the EIC is not enough to cause that recipient to exceed the resource limit for the benefits programs mentioned.

The welfare legislation enacted in August 1996 replaced the AFDC program with a new block grant program called Temporary Assistance for Needy Families (TANF). Under the block grant, each state can set its own rules for how the EIC will be treated in determining eligibility for cash assistance, but so far no state has counted EIC as income. However, states could consider changing such rules for the future. (The Center on Budget and Policy Priorities is monitoring state welfare policies regarding the EIC and will alert EIC Campaign partners to changes. We would appreciate receiving reports of such proposals.)

Rules on how the EIC may affect "General Assistance" benefits are different in each state where a general assistance program is in place. Contact your state or local welfare department for information.

How to Claim Back EICs and Other Filing Questions

What if a worker was eligible for the EIC in past years but didn't claim it?

Workers can file for the EIC for the last three years. For example, a worker who was eligible for the EIC in 1997 but did not claim it can fill out a Form 1040X and attach it to a copy of the regular 1997 tax form he or she filed that year. The worker also must fill out and attach Schedule EIC for 1997. *For copies of prior-year forms, call 1-800-TAX-FORM.*

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What happens if a worker files for an EIC and the IRS finds out that taxes are owed?

The worker must pay whatever is owed. But:

- The EIC may be enough to cover the taxes owed.
- The IRS is usually willing to work out payment plans for back taxes.
- The worker may be able to make an "offer in compromise" that is less than the tax bill.

Can self-employed workers get the EIC?

Yes. They will need to fill out a special series of forms: Schedule C, Schedule SE (if their self-employment income is more than $400), Form 1040 and Schedule EIC (if they were raising children in their home). *Call the IRS at 1-800-TAX-FORM to get the necessary forms.*

EIC and Social Security Numbers

Who needs a Social Security number?

Valid Social Security numbers must be provided for everyone listed on the tax return, *including infants born before December 31, 1999.* Only valid Social Security numbers issued to U.S. citizens or Social Security numbers issued to non-citizens who have permission to work legally in the United States are acceptable. *For more information see the section called "EIC and Immigrants."* The IRS now verifies the Social Security number of every adult claiming the EIC, as well as the Social Security number of every child in families claiming the EIC, before it sends out EIC payments; the IRS also checks to make sure that no child is claimed more than once.

The processing of an EIC claim and the receipt of any refund will be delayed if the tax return or Schedule EIC is incomplete or contains incorrect information. Electronically-filed returns will be rejected by the computer if a Social Security number is missing. Workers who file paper returns that are missing Social Security numbers will be sent a notice by the IRS stating that the return was incomplete and requesting that the missing information be mailed in. This can delay processing several weeks.

It also is important to be sure that each name and Social Security number is recorded on the tax return exactly as it appears on the person's Social Security card. For example, if a woman records her married name on the tax return, but her Social Security card bears her maiden name, the discrepancy will need to be resolved before the tax return can be processed. (To avoid such an error, the woman can apply to the Social Security Administration to have her name changed on her Social Security card. Correcting this discrepancy also will help ensure that Social Security taxes are being deposited in the proper account.)

Workers who don't have Social Security numbers for their children by the tax filing deadline can still get the EIC by:

1. Filing their tax return without Schedule EIC and then, after receiving the Social Security number, filing an "amended return" (Form 1040X) and attaching Schedule EIC, **OR**

2. Filing Form 4868 to request an extension on their tax filing deadline to August 15.

To have an application for a Social Security number sent to your home, call 1-800-772-1213. Or call the Social Security Administration in your state to find out how to apply.

Will the IRS request any additional information?

Generally, the IRS will not require any additional information. But, if information provided on the tax return or Schedule EIC seems questionable, the IRS may request additional documentation to verify the EIC claim. In such cases, the IRS will send the filer a questionnaire that specifies the type of documentation that must be submitted. For example, a filer may be asked to submit a

copy of a qualifying child's birth certificate. It is important that the name on the birth certificate match the name on that child's Social Security card. If a child is over age 24 and permanently and totally disabled, proof of disability status could be requested. The IRS also may require documents indicating that a qualifying child actually lived with the filer at least half the year.

Filers claiming the EIC should *not* mail in any additional documentation with their tax returns unless such documentation is requested. If additional information is requested, filers need submit only the documents specified. In 1995, fewer than one in every 15 filers claiming the EIC were asked to submit additional documentation.

EIC and Non-Traditional Families

What are the rules about filing status?

To get the EIC, workers can file as: "single," "head of household" or "married filing jointly." But the EIC is not available to taxpayers who file as "married filing separately."

What if parents are separated but not divorced?

Parents who are separated but not divorced often file as "married filing separately." But if they file this way, neither parent can claim the EIC. Separated parents have the option of filing as "married filing jointly." If they do so, they can claim the EIC.

In addition, there is *one* situation in which separated parents who do not want to file jointly still can claim the EIC. The parents must have lived apart for the last six months of the year ***and*** their child must have lived with one of them for more than half of the year. ***Also***, the parent living with the child must have paid more than half the cost of maintaining the household for the year. Under these circumstances, that parent can file as "head of household" and claim the EIC.

What if the parents in a family are divorced?

If parents are divorced, the parent with whom the child lived for more than half the year is entitled to file for the EIC, even if the other parent claims the child as a dependent on his or her tax return. (The parent not living with the child may be eligible for the smaller EIC for workers without qualifying children.) If *both* parents lived with the child for more than six months, only the parent with the higher adjusted gross income can claim the EIC.

What if both parents and their child live together, but the parents are not married?

If the parents are not married, the child can only be a qualifying child for the EIC for one of them. The parent with the highest income must be the one to claim the EIC.

Remember! If the parent with the highest income decides *not* to claim the EIC — or has income too high to qualify for the EIC — the other parent still is *not* allowed to claim the EIC.

What about a three-generation household: a grandparent, parent and child?

In a three-generation household, only one person can claim the EIC, even if more than one family member works and has an income that would qualify for the credit. The person with the highest adjusted gross income must be the one who claims the EIC. If that income is too high to qualify, nobody in the household can claim the credit.

For example: If a mother and a grandmother both work, and the grandmother earns a higher salary, the grandmother must be the one to claim the child as a "qualifying child" and apply for the EIC. But, if the grandmother's income is over the EIC limit, then no one in the household can claim the EIC.

What about child support?

Child support payments a parent receives do not count as income when determining eligibility for the EIC.

What about foster families?

Foster parents can claim the EIC as long as a foster child lived in the home for the entire year. Foster care payments, either from the state or from an independent foster care agency, do not count as income when determining eligibility for the EIC.

Some adults care for children who are not related to them, without a formal foster care arrangement. As long as a child lived in the home for the full year and the adult cared for the child as a member of the family, the child can be considered a qualifying child for the EIC.

EIC and Disabled Workers

Can a person who receives disability benefits get the EIC?

A person who receives long-term, employer-paid disability benefits and is under minimum retirement age can qualify for the EIC, even if he or she did not work during the tax year. (Minimum retirement age is considered to be the earliest age at which a worker can receive a pension or annuity if he or she is not disabled.) Such disability benefits are considered taxable income, are reported as wages on tax returns, and are considered earned income for purposes of the EIC.

Benefits from Social Security Disability Insurance, SSI, and payments from individually-purchased disability insurance policies are not counted as earned income. To be eligible for the EIC, individuals who receive these types of benefits also must have earned income.

A totally and permanently disabled person of any age can be a "qualifying child" for another worker. A totally and permanently disabled person may not claim the EIC if he or she is claimed as a qualifying child by another worker.

EIC and Immigrant Workers

Can immigrant workers get the EIC?

Many legal immigrants who are employed can get the EIC. Changes in federal law that deny public benefits such as food stamps and SSI to many legal immigrants do not apply to the EIC. ***In order to claim the EIC, immigrant workers, their spouses, and children listed on Schedule EIC must have valid Social Security numbers that permit them to work legally in the United States.*** Individual Taxpayer Identification Numbers (ITIN) issued by the IRS to non-citizens, and non-work Social Security numbers issued to applicants or recipients of federally funded benefits programs *cannot be used* to claim the EIC.

To be eligible, an immigrant must be a "resident alien for tax purposes." This means an immigrant:

- must be a legal permanent resident — have a "green card" (I-551 card) **OR**
- must have lived in the United States for at least six months in 1999.

Many legal immigrants who do not yet have their "green cards" may still be resident aliens for tax purposes. For example, the following immigrants can qualify for the credit *if they and family members have legal work authorization:*

- Amnesty temporary residents and amnesty family members granted "Family Fairness" or "Family Unity" status.
- Refugees, asylees and those granted Temporary Protected Status.
- Applicants for these and other immigration statuses who have legal work authorization.

Beginning in tax year 1995, a nonresident alien can claim the EIC if he or she was married to a U.S. citizen or a resident alien as of December 31 of the tax year, files a joint tax return with the spouse and chooses to be treated as a resident alien for the entire year.

Remember! Immigrant workers' children must have lived with them *in the United States* for more than six months out of the year to be considered qualifying children for the EIC. Also, the worker's **main home** must be in the United States.

Can immigrant workers get the advance EIC payment?

Generally, yes. But some workers (whether they are immigrants or not) are not allowed to use the EIC paycheck option. This includes farmworkers and others who get paid day-by-day and people who don't have Social Security and Medicare taxes withheld from their pay.

Does getting the EIC cause problems for immigrant workers?

The EIC does not create "public charge" problems for immigrant workers. Receiving the EIC is not considered an indication that the immigrant is unable to support him or herself financially.

In general, information on a tax return is confidential. Except in rare cases involving federal criminal investigations or when the IRS thinks someone is breaking a tax law, tax return information cannot be shared with the Immigration and Naturalization Service.

For more information about which immigrant workers qualify for the EIC, how to obtain Social Security numbers and other immigrant tax issues, call the National Immigration Law Center at (213) 938-6452.

EIC and Military Personnel

Can military personnel claim the EIC?

Yes. Military personnel can claim the EIC, but some special circumstances are important to note.

Combat pay and allowances for housing and subsistence — including the value of meals and lodging furnished in-kind to personnel residing on military bases — are considered earned income for EIC purposes even though some of these sources of income may be nontaxable. Such pay and allowances are included on W-2 forms include, making it easier to calculate earned income. Veterans' benefits, and military retirement pay are not considered earned income.

Before 1995, military personnel stationed outside of the United States for more than half of the year could not claim the EIC. Eligible U.S. military personnel now can get the EIC whether they live in the United States or overseas.

If an eligible individual in the military on extended active duty stationed outside of the United States lives with his or her qualifying children that individual now can get the EIC. In addition, military personnel stationed overseas whose qualifying children remain in the United States and do not live with them still can claim these children as qualifying children for EIC purposes. The IRS considers the individual assigned to an overseas tour of duty to be temporarily absent due to a special circumstance. The individual may be eligible for the EIC, as long as he or she plans to return to his or her main home in the United States at the end of the military assignment. Married couples living apart due to military assignment still must file a joint return to receive the EIC.

An individual in the military may be the qualifying child of another worker claiming the EIC. If such an individual is temporarily absent due to an overseas military assignment, he or she still may be considered a qualifying child as long as he or she intends to return home at the end of the military assignment.

For further information on EIC rules for military personnel, see IRS Publication 3 "Tax Information for Military Personnel (Including Reservists Called to Active Duty)."

The EIC can help workers pay for college

College students who also work and are raising children may be eligible for the EIC. Students between ages 25 and 64 who are not raising children and who work may also be eligible. Parents of full-time students under age 24 may also be able to claim the EIC.

- Non-taxable scholarships and grants are *not* considered income in determining eligibility for the EIC; *taxable* grants and scholarships also are not considered "earned income," but are included in determining "adjusted gross income," which may affect eligibility for the EIC.
- An EIC refund is counted as family income in determining financial aid eligibility. However, for many low-income students who work, or their parents, the EIC will have no effect on financial aid amounts or eligibility. *For more information, contact a college financial aid office.*

For information on which scholarships and grants are taxable or non-taxable, call the IRS at 1-800- 829-1040. For ideas on EIC outreach to students see "Ten Ways Your College or University Can Promote the EIC" in the EIC Campaign Outreach Strategy Guide in this kit.

Efforts to Control EIC Errors and Overpayments

In recent years, reports of error and fraud in the EIC have been a cause for concern. While EIC error rates need to be reduced, some reports have overstated the error rate. In addition, the IRS has developed new tools to reduce fraud and error, such as establishing new procedures to validate Social Security numbers listed on tax returns, altering problematic procedures for obtaining "refund anticipation loans" (or quick turnaround refunds), and cracking down on unscrupulous tax preparers who file returns electronically. These efforts appear to work, although the IRS needs to devote greater resources to implement the measures more effectively.

It is important to note that most EIC errors are related to the complex and sometimes contradictory rules that the tax code establishes with regard to family relationships, tax filing status and the tax treatment of children, especially when parents are divorced or separated. Simplification of EIC and other tax rules related to such families might lower EIC errors significantly.

In 1996, legislation was enacted to strengthen IRS powers to deny questionable EIC claims and to ensure that immigrants not authorized to work (i.e. undocumented immigrants) cannot get the EIC. *For information about these rules, see the sheet in this kit called "Questions and Answers About the EIC," refer to the sections on Social Security numbers and on Immigrants.*

The 1996 legislation also was designed to improve targeting of the EIC on low-income families and individuals. New rules limited the amount of investment income a worker can receive and still claim the EIC and limited the ability of workers to deduct business or investment losses from their income to qualify for the EIC. *These rules, including added restrictions which take effect in 1998, are described later in this fact sheet.*

Additional compliance measures, geared to addressing some of the principal sources of EIC error, were passed by Congress in 1997. Several of these new rules took effect in tax year 1997. The new law also puts plans in motion to enhance further the abilility of the IRS to ensure that only eligible workers claim the EIC. For example, in the near future, the IRS will be able to use a national child support database to prevent non-custodial parents from claiming the EIC.

New Rules to Ensure EIC Compliance

The new compliance measures passed by Congress in 1997 which are now in effect include:

1. New penalties for fraud and negligence in connection with EIC claims. Federal law already contains penalties against negligent and fraudulent tax claims. If the IRS finds a "careless, reckless, or intentional disregard" of the tax rules, a taxpayer can receive a penalty equal to 20 percent of underpaid tax or the amount of an erroneous EIC claim and also owes back the underpaid tax or refund resulting from the EIC claim. If a taxpayer is found to have committed *fraud*, the penalty is increased to 75 percent of the underpaid tax or the amount of the erroneous EIC claim and the taxpayer risks criminal prosecution.

In addition to the existing penalties, the following new penalties were added:

- A person who erroneously claims the EIC due to "reckless or intentional disregard" of the tax rules and regulations is denied eligibility for the EIC for two subsequent years;
- A person who fraudulently claims the EIC is denied eligibility for the EIC for ten subsequent years.

These penalties mean that people who improperly claimed the EIC through "reckless or intentional disregard" of tax rules or through fraud will be unable to claim the EIC in subsequent

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years even if they otherwise become eligible. The new penalties, like all IRS penalties, can be appealed through IRS procedures and challenged in court.

Normal errors in computing the amount of the EIC or honest misunderstandings of the EIC eligibility rules are not considered fraud or negligence by the IRS.

2. Efforts to prevent EIC refunds from going to ineligible claimants. If a worker submits a claim for the EIC and is found not eligible (for reasons other than an incorrect Social Security number or a math error), the IRS now can avoid erroneously issuing a future EIC payment if that worker claims the EIC in a following year. To claim the EIC in a subsequent year, the worker must provide the IRS evidence to prove eligibility. For example, the IRS might require a worker to document that a qualifying child lived in the worker's home for the required amount of time during the year.

3. Expansion of IRS power to recapture EIC overpayments from workers' wages or public benefits. The new provision gives IRS the authority to recoup an EIC overpayment from sources of a taxpayer's income that were previously exempt, including:

- Social Security payments
- worker's compensation payments
- unemployment benefits
- means-tested public assistance payments, including TANF, SSI, and state and local public welfare programs
- wages, salary or other income (previously, the IRS was able to place a " levy" on wages, but wages below the tax threshold level were exempt)
- pensions and annuities under the Railroad Retirement Act and benefits under the Railroad Unemployment Insurance Act

The IRS may place a levy equal to up to 15 percent of these payments and may do so until the owed tax (or overpayment) is paid back. The new provision is effective for IRS levies placed after July 1997. The IRS is required to provide the taxpayer advance notice of its "intent to levy." The notice also informs the taxpayer how to apply to the IRS for relief from a levy because of hardship, and how to negotiate installment payments before the levy is enforced.

Some other payments remain exempt from an IRS levy, including child support, Job Training Partnership Act payments, and disability benefits connected with military service.

4. Penalties on tax preparers. Tax preparers who fail to fulfill "due diligence" requirements when filing EIC claims found to be erroneous are subject to new penalties. This measure is designed to encourage preparers to become more vigilant when filing tax returns claiming the EIC.

EIC Campaign Partners Can Help Taxpayers Avoid Errors by Tax Preparers

Some workers who need tax filing help may be vulnerable to the practices of tax preparation businesses run by unscrupulous or untrained individuals. Such operations can attract more customers — and charge higher fees — if they are known to generate large tax refunds. They may prepare tax returns that make invalid EIC claims in the belief the IRS is unlikely to catch them. Workers may then be held responsible for fraud or negligence associated with their EIC claims. Workers who need assistance in translating IRS instructions are particularly vulnerable to "preparers" who speak their home country language but who have no tax training or deliberately prepare false claims.

Remember, the Volunteer Income Tax Assistance (VITA) program, run by the IRS, provides free tax filing assistance to low-income taxpayers. Trained VITA volunteers can help workers avoid tax filing errors.

VITA volunteers write "VITA" along with their VITA site number on the preparer's line of the tax return, which indicates that the taxpayer has sought qualified assistance. In addition, tax returns completed at VITA sites are reviewed by qualified supervisors. Local EIC outreach campaigns can ensure the availability of VITA sites in their community and can encourage workers to seek help at these locations. *For more information, see the sheet in this kit called "VITA! Free Tax Preparation for Low- Income Workers."*

EIC Campaign partners can help protect workers who still may choose to use a commercial tax preparer by suggesting they follow these steps to identify a reputable preparer:

- Choose a tax preparer who can be contacted later in case the IRS has questions about the tax return. Check out the preparer's reputation with others in the community and obtain the preparer's address and telephone number;
- Insist that the commercial tax preparer also sign the tax return. This is required by federal law. The preparer's address and Employer Identification Number (EIN) or Social Security number are also required on the tax return;
- Insist on a complete copy of the tax return and do not sign a blank return or sign in pencil. Check to make sure names, addresses, Social Security numbers and wage information are entered correctly;
- Review the return with the preparer to understand the reason for any refund or reduction in taxes owed. Even though a preparer does the return and signs it, the worker is still held responsible for the accuracy of all items on the tax return.

For more information about EIC error rates or about efforts to reduce error in the program, you can obtain a report entitled "The Earned Income Tax Credit and Error Rates" from the Center on Budget and Policy Priorities. Call (202) 408-1080.

EIC Eligibility Rules Target the Credit to Low-Income Workers

EIC filers with income from pensions, annuities, IRA's, investments, or investment or business losses, should be encouraged to seek tax preparation assistance to ensure that they are complying with new rules passed in 1996 and 1997. *However, the large majority of EIC filers will be unaffected by the changes and will not experience any reduction in the amount of the credit.*

Changes in "modified adjusted gross income" can affect EIC claims. Workers may qualify for the EIC if both their "earned income" (mainly wages or self-employment income) and their "adjusted gross income", or AGI, are each less than the EIC income limits. AGI includes taxable income that is not wages, such as any portion of Social Security benefits which are taxable or unemployment benefits. Congress also defined some additional sources of non-taxable income and business losses that, for purposes of EIC eligibility, must be added to a worker's AGI. This "modified AGI" amount must be below the EIC income limit.

Beginning in tax year 1998, the following *non-taxable* forms of income must be counted as part of the modified AGI:

- tax-exempt interest;
- *non-taxable* income distributed from pensions, annuities and individual retirement accounts (IRA's) — but only if not "rolled over" into such plans.

New business loss rules can affect EIC claims. Taxpayers who claim net losses on their tax returns from sources such as investments, businesses, self-employment, or farming may be

affected by changes in the way income is figured for EIC purposes. Taxpayers who deduct certain income losses in determining their adjusted gross income must add back some or all of these losses to arrive at their modified AGI for purposes of calculating EIC claims only.

The following information applies only to some workers who are required to file Form 1040, and who file Schedules C, C-EZ, D, E, F or SE. The income losses for which some or all of the loss must be added back when figuring the EIC include:

- any capital losses;
- any losses from trusts and estates;
- any losses from *nonbusiness* rental property, and royalty losses;
- *seventy-five percent* of the net losses from trades or businesses, including sole proprietorships.

Note: This is an increase, effective for tax year 1998, over the previous level of fifty percent of business losses to be added back into modified AGI.

For example: Jim and Brenda Reynolds are family farmers, raising two children at home. Brenda also works full-time, and earned $25,000 in 1999. The Reynolds' net loss from farming was $10,000, making their total adjusted gross income $15,000. Under older EIC rules, they would have been eligible for a credit, based on their $15,000 adjusted gross income, worth $3,276. Under the new rules, they must add back 75 percent of their farm losses ($7,500), which brings their *modified* adjusted gross income to $22,500. The family is still eligible for the EIC, but the amount of its credit is reduced to $1,696.

Income from Investments Now Can Disqualify Some Workers. In 1996, Congress passed legislation restricting claims for the EIC if workers receive substantial income from investments. *For 1999, the investment income limit is $2,350.* Exceeding this limit invalidates an EIC claim even if a worker's overall income in 1999 was within the eligibility limits and he or she was otherwise eligible. **Note:** Long-term capital gains income is no longer counted against the investment income limit. Investment income includes:

- 1. Interest, whether taxable or tax-exempt;
- 2. Dividend income, and net income from short-term capital gains;
- 3. The *net* amount of income from the rental of *personal property*, such as equipment or vehicles;
- 4. Net passive income. "Passive income" includes earnings from certain trade and business activities, and rental of real estate, which are specifically defined by the IRS and reported on Schedule E. See specific instructions for royalty income.

For example: Polly Arnold is raising two children and is divorced. She works part-time while attending graduate school, and earned wages of $10,000 in 1999. Upon the death of her parents, she inherited investments which provided her $2,500 income from interest and dividends in 1998. Although her total income was $12,500 in 1999, qualifying her for the EIC, Polly cannot claim the EIC because her investment income exceeded the $2,350 limit.

For more information on modified AGI and investment income, see the Instructions for the 1999 Form 1040 or Form 1040A. Also see IRS Publication 596, Earned Income Credit.

Making the Case: Talking Points on the EIC

As you work on your EIC campaign, you will come in contact with people who don't know a lot about the credit and why it is important.

These "talking points" will help you answer questions about the EIC. They can be useful when you are advocating for the EIC with community leaders, with organizations you want in your campaign, or with businesses and funders. They can also be helpful in preparing remarks for the media.

Why is the EIC important?

- The EIC is a federal tax benefit designed to help low-income workers increase their financial stability. It has several important purposes: to reduce taxes for these workers, to supplement wages, and to make work more attractive than welfare.
- The EIC is a federally funded, anti-poverty initiative that helps working people maintain their independence from the welfare system. Data from the Current Population Survey indicate that in 1998, the EIC lifted 4.8 million people above the federal poverty line — including 2.6 million children of low-income workers.
- By late-1999, over 19 million working families and individuals had gotten the credit.

Who benefits from the EIC?

Working families with children

- Children are more likely to be poor than Americans of any other age group. The largest EIC benefit is for working families with two or more children.
- Raising children these days is expensive. The EIC can help offset the costs of child care, clothing, school supplies, and other needs.

Low-income workers who do not have a qualifying child

- This credit provides a financial boost to people who work at very low wages or are only able to find part-time work: day laborers, migrant workers, temporary employees, homeless people, general assistance recipients who worked part of the year and others. About 3.6 million workers received this credit for tax year 1997. This part of the EIC first took effect in 1994.

State and local economies

- EIC participation boosts state and local economies. In the first nine months of 1999 alone, more than $30 billion in federal EIC funds flowed into the states.
- Since most EIC benefits are spent locally, the EIC is an economic development tool for low-income neighborhoods.
- By increasing the income of low-wage earners, the EIC can reduce the demand for some public services and benefit programs provided by state and local governments.

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Businesses

- Helping workers get the EIC is a legitimate and important business investment. Research indicates that 80 percent of EIC recipients plan their use of the credit in advance to help pay immediate bills, such as rent or utilities, or to pay for better housing, transportation or educational needs. The advance payment, or "paycheck," option can be especially helpful for bill-paying.
- Businesses make a valuable contribution to their communities by promoting the EIC.
- EIC benefits increase workers' take-home pay at no cost to the business. Helping workers support themselves and their families can reduce turnover in the workplace.

Other important issues related to the EIC

The EIC is different from welfare

- When welfare recipients get a job, their benefits are likely to shrink or disappear. In contrast, the EIC rewards people who find and keep a job by adding to the wages they earn.
- The EIC does not require a caseworker or a trip to the welfare office. *For more information see the sheet in this kit called "Questions and Answers about the EIC."*

Free tax preparation and 'quick refunds'

- When low-income people pay to have their taxes prepared, the value of their EIC is diminished. This undermines the basic objectives of the EIC.
- Research shows that about half of EIC recipients pay someone to prepare their tax returns. Fewer than one in 10 have their tax forms prepared for free by VITA (Volunteer Income Tax Assistance). Increasing awareness about VITA and improving access to these services is critical.
- Many people who use commercial tax preparers to get a "quick refund" — a refund they receive in just a few days — don't realize that what they're getting, *and paying for,* is a very high-interest loan from the tax preparer. *For more about this issue, see the fact sheet called "Commercial Tax Preparation and the EIC: Helping Workers Keep All of Their Refund."*

Immigrant workers

- Recent immigrants are often the poorest members of our communities. They take jobs that pay low wages and struggle to support themselves and their families. Changes in federal law made some legal immigrants ineligible for public benefits such as food stamps and Medicaid. *But, many legal immigrant workers still are eligible for the EIC.* For these reasons, educating immigrant workers about the EIC is important. *For more on this issue, see the sheet in this kit called "Questions and Answers about the EIC."*

Child Tax Credit and the EIC

Expanded Child Tax Credit Takes Effect

In 1997, Congress passed a Child Tax Credit for taxpayers raising dependent children. This new credit is worth up to $500 per dependent child under age 17 in 1999, and can be claimed on a taxpayer's 1999 federal tax return. (The credit was $400 per child in 1998, the first year the credit was available.)

The Child Tax Credit is different than the Child and Dependent Care Credit, a tax benefit for workers who need day care to be able to work. See the fact sheet in this kit, *"Another Tax Benefit for Families! The Child And Dependent Care Credit."*

The Child Tax Credit can give a worker back some or all of the income tax taken out of his or her paychecks during the year, as well as some or all of any additional income tax still owed at the end of the year. Generally, a family's credit is equal to the total amount of their income tax for the year, up to a maximum of $500 per dependent child in 1999. For example, Mr. and Mrs. Velasquez have two children and earned $20,000 in 1999. Their total federal income tax for the year is $270. They are eligible for the Child Tax Credit, so their credit is $270 — not $1,000.

Can families get the Child Tax Credit and the EIC?

Yes! *Claiming the new Child Tax Credit does not reduce benefits from the Earned Income Credit.*

Workers with children who receive the EIC, and who owe income tax, may also receive the Child Tax Credit. In addition, some workers eligible for the EIC who have *more than two dependent children* may receive a Child Tax Credit greater than their income tax, and can get the Child Tax Credit even if they owe no income tax. *See below for details.*

Who is eligible for the Child Tax Credit? How is the amount determined?

Single parents with incomes up to $75,000 and married parents with incomes up to $110,000 may claim the Child Tax Credit up to a maximum of $500 per child. The credit amount declines as income increases beyond those levels.

However, if a family's income is so low that the family owes no income tax, the family will generally not receive a Child Tax Credit (see exception for certain families with three or more children described below). Workers may have no income tax because their earnings and exemptions put them below the level at which they owe income tax, or because they claim the Child and Dependent Care Credit, which can reduce or eliminate their income tax. The Child and Dependent Care Credit is counted before figuring the new Child Tax Credit and may eliminate any income tax.

"Qualifying children" for the Child Tax Credit must be *under age 17* at the end of 1999, must be a U.S. citizen or resident alien, and *must be claimed as a dependent* on the taxpayer's 1999 federal tax return. The dependent must be a son, daughter, adopted child, grandchild, or stepchild. Foster children can be "qualifying children" if they are dependents and lived the entire year with the taxpayer.

These rules are different than the rules about qualifying children for the EIC, in which children do not have to be claimed as dependents, but must have lived with the eligible worker. Non-custodial parents who are able to claim children as dependents may claim them for the Child Tax

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Credit. Thus, it is possible for one parent to claim the Child Tax Credit and the other parent — the one with whom the child lives — to claim the EIC. *For more information on EIC eligibility rules, see the fact sheet in this kit, "The Earned Income Credit: Extra Money for People Who Work."*

For workers with *one or two dependent children*, the Child Tax Credit amount equals the amount of their total federal income tax for the year, up to a maximum of $500 per child. As described above, if such workers have no income tax, they will not receive a Child Tax Credit.

For workers who have *three or more children*, the Child Tax Credit also equals the amount of their federal income tax, as it does for other workers. But, these workers may also be eligible for the "Additional Child Tax Credit." Workers are eligible for the extra benefit if their federal income tax is less than their maximum Child Tax Credit *and* if their payroll tax — Social Security and Medicare taxes withheld from their paychecks during the year — is more than the amount of their EIC (if any). Therefore, these workers may be eligible for a total Child Tax Credit greater than their income tax and may get the Child Tax Credit even if their income tax was zero.

The Additional Child Tax Credit is not restricted to workers who claim the Earned Income Credit. Non-custodial parents who claim children as dependents may be eligible, even though such parents cannot claim the children for the EIC.

Many low- or moderate-income workers who receive the EIC may owe little or no income tax, but may still have paid payroll taxes which exceed the amount of their EIC. The "Additional Child Tax Credit" enables such workers to benefit from the Child Tax Credit.

For example: Mrs. Gunn is a single parent raising three children. She earned $23,000 in 1999. During the year she had $500 in income tax withheld from her pay and still owes the IRS an additional $348. The Child Tax Credit pays her back the $500 in taxes withheld from her pay and eliminates the $348 she owes the IRS — a total benefit of $848. This is $652 less than the maximum Child Tax Credit of $1,500 for three children.

Mrs. Gunn, however, is eligible for the "Additional Child Tax Credit." Since she also paid $1,760 in payroll taxes during the year, and she is eligible for an EIC of $1,591, her payroll tax exceeded her EIC by $169. The "Additional Child Tax Credit" will refund $169 of her payroll taxes, resulting in a total Child Tax Credit of $1,017. Her EIC and Child Tax Credit provide Mrs. Gunn a total tax benefit of $2,608 for 1999.

Note: To determine the "Additional Child Tax Credit," self-employed workers compare one-half of their self-employment tax to their EIC amount.

How is the Child Tax Credit claimed?

The Child Tax Credit must be claimed on a worker's tax return. Specific directions are included in the 1999 IRS 1040 and 1040A Instructions, which include a detailed worksheet. Since the worksheet is fairly complicated, low-income workers should be encouraged to seek assistance from a Volunteer Income Tax Assistance (VITA) site near them. *For more information, see the sheet in this kit called "VITA! Free Tax Preparation for Low-Income Workers."*

A worker with *three or more children*, who also claims the EIC, must also complete IRS Form 8812, "Additional Child Tax Credit," to determine if he or she is eligible for an extra Child Tax Credit amount. Form 8812 must be attached to the tax return to claim the additional credit amount. *For free copies of this form, call the IRS at 1-800-TAX-FORM.*

Plan ahead! Workers who know they will be eligible in 2000 for the Child Tax Credit can arrange to have less income tax withheld from their pay, since the credit reduces their income tax. This can increase their take-home pay throughout the year. *See IRS Form W-4 "Employee's Withholding Allowance Certificate" for instructions.*

Another Tax Benefit for Families!

The Child and Dependent Care Credit

What is the Child and Dependent Care Credit?

The Child and Dependent Care Credit is a tax benefit that helps families pay for child care they need in order to work or to look for work. The credit also is available to families that must pay for the care of a spouse or an adult dependent who is incapable of caring for himself or herself.

The Child and Dependent Care Credit can reduce the amount of federal income tax a family pays in two ways. For families that do not owe taxes at the end of the year, this credit can give them back some or all of the federal taxes that were taken out of the parents' paychecks during the year. For families that end up owing taxes at the end of the year, the credit can lower the amount they must pay to the IRS. *Please note, however, that families earning too little to pay federal income tax cannot use this credit.* In this way, the Child and Dependent Care Credit differs from the Earned Income Credit. The EIC can be claimed by families earning too little to pay income tax.

Twenty-eight states have a Child and Dependent Care Credit!

In eight states this credit is refundable: *Arkansas, Colorado, Hawaii, Iowa, Minnesota, Nebraska, New Mexico, and New York.* In these states, families that don't owe income tax can receive a refund in the amount of the credit. For more information, contact your state department of revenue.

Can families get the Child and Dependent Care Credit and the EIC?

Yes! Getting one of these credits does not affect a family's eligibility for the other in any way. Claiming both credits may mean even *more* money back from the IRS.

Who is eligible for the Child and Dependent Care Credit?

Families can claim this credit if:

- They paid for care in 1999 for a child under age 13 or a disabled adult who lived with the family, **AND**
- They needed the child or dependent care to work or look for work (in a two-parent family, *both* spouses must have needed the child or dependent care to work or to look for work unless one spouse was a full-time student or unable to care for himself or herself), **AND**
- They paid over half the cost of keeping up their home (rent, food, etc.), **AND**
- They paid less for dependent care than their 1999 income. If taxpayers are married and filing a joint tax return, they must have paid less for care than the income of the spouse with the lowest earnings. There are special rules for calculating the income of a spouse who was a full-time student or disabled.

NOTE: In general, the credit can only be claimed for a child claimed as a tax dependent, but there are special rules for children of divorced or separated parents. *For information about these rules, call the IRS at 1-800-TAX-1040 or the National Women's Law Center at (202) 588-5180.*

What type of care qualifies for the credit?

Any kind of child or dependent care can qualify, including care at a center, a family day care home or a church, or care provided by a neighbor or a relative (except if provided by a spouse, a dependent, or a child under age 19).

If a family receives free child care, such as from a state-subsidized program, that care *cannot* be used to qualify for the credit. But if only part of a family's child care is subsidized and the family pays for the rest, the amount the family pays can be counted toward the credit.

How much money can a family get?

The size of the Child and Dependent Care Credit depends on the number of children or dependents in care, a family's income, and the amount the family paid for care during the year. It can be as much as $720 for families with one child or dependent in care and $1,440 for families with more than one child or dependent in care.

Families can claim only a limited amount of their care expenses. Families with one child or dependent can claim up to $2,400 and families with more than one child or dependent can claim up to $4,800. Eligible families will receive a credit worth between 20 percent and 30 percent of these expenses, depending on their income.

Example: Ms. Brown has two children and earned $20,000 in 1999. During the year, she had $600 in federal income tax withheld from her pay and she owes the IRS an additional $210. But because Ms. Brown spent $3,000 during the year on child care for her two children, she is eligible for a Child and Dependent Care Credit up to $750, or 25 percent of what she spent on care. The Child and Dependent Care Credit eliminates the $210 in taxes Ms. Brown owes and pays her back for the $600 in taxes that were withheld from her pay. Because Ms. Brown is also eligible for an Earned Income Credit of $2,223, she will get a total refund of $3,033 from the IRS.

How do families claim the Child and Dependent Care credit?

Families must file a federal income tax return — either Form 1040 or 1040A — and attach a separate "schedule" or form with their return. With Form 1040, families must attach Form 2441. With Form 1040A, families use Schedule 2. For free copies of these forms, call the IRS at 1-800-TAX-FORM.

Where can families get more information about this credit?

The National Women's Law Center, which helped prepare this fact sheet, has materials on the Child and Dependent Care Credit as well as state-level child and dependent care tax provisions. Call the National Women's Law Center at (202) 588-5180, or write this group at 11 Dupont Circle, Suite 800, NW, Washington, DC 20036.

Families also can get free information about the Child and Dependent Care Credit and other tax matters by calling the IRS at 1-800-TAX-1040. Hearing impaired people can call 1-800-829-4059.

EIC Benefits for Tax Year 1999 at Various Income Levels

This is not a tax table. Do not use this table to complete income tax returns.

1999 Household income	EIC for workers not raising a child	EIC for workers raising one child	EIC for workers raising two or more children
$500	$40	$179	$210
1,000	78	349	410
1,500	117	519	610
2,000	155	689	810
2,500	193	859	1,010
3,000	231	1,029	1,210
3,500	270	1,199	1,410
4,000	308	1,369	1,610
4,500	347	1,539	1,810
5,000	347	1,709	2,010
5,500	347	1,879	2,210
6,000	319	2,049	2,410
6,500	281	2,219	2,610
7,000	243	2,312	2,810
7,500	205	2,312	3,010
8,000	166	2,312	3,210
8,500	128	2,312	3,410
9,000	90	2,312	3,610
9,500	52	2,312	3,816
10,000	13	2,312	3,816
10,500	0	2,312	3,816
11,000	0	2,312	3,816
11,500	0	2,312	3,816
12,000	0	2,312	3,816
12,500	0	2,302	3,802
13,000	0	2,222	3,697
13,500	0	2,142	3,592
14,000	0	2,062	3,486
14,500	0	1,982	3,381
15,000	0	1,902	3,276
15,500	0	1,822	3,171
16,000	0	1,742	3,065
16,500	0	1,662	2,960
17,000	0	1,583	2,855
17,500	0	1,503	2,749
18,000	0	1,423	2,644
18,500	0	1,343	2,539
19,000	0	1,263	2,433
19,500	0	1,183	2,328
20,000	0	1,103	2,223
20,500	0	1,023	2,118
21,000	0	943	2,012
21,500	0	863	1,907
22,000	0	784	1,802
22,500	0	704	1,696
23,000	0	624	1,591
23,500	0	544	1,486
24,000	0	464	1,380
24,500	0	384	1,275
25,000	0	304	1,170
26,000	0	144	959
27,000	0	0	749
28,000	0	0	538
29,000	0	0	327
30,000	0	0	117
30,500	0	0	12

EIC Participation for Tax Year 1998, by State

These *preliminary* figures show the number of families in each state that claimed the EIC in the first eight months of 1999 (for tax year 1998) and the total dollar amount claimed in each state. These figures include the participation of over 3 million workers not raising children, who became eligible for the EIC for the first time in tax year 1994. State-by-state figures on participation by these workers are not available. These numbers are subject to modification as more tax year 1998 tax returns are processed.

State	Working Families and Individuals Getting the EIC	Amount
Alabama	435,626	$773,994,000
Alaska	29,507	38,814,000
Arizona	334,688	546,651,000
Arkansas	244,278	417,982,000
California	2,295,302	3,700,637,000
Colorado	228,984	330,273,000
Connecticut	142,734	204,054,000
District of Columbia	51,577	80,403,000
Delaware	48,912	76,693,000
Florida	1,249,999	2,010,434,000
Georgia	687,515	1,172,870,000
Hawaii	65,054	85,571,000
Idaho	81,422	125,578,000
Illinois	741,279	1,146,399,000
Indiana	359,096	548,129,000
Iowa	146,529	209,920,000
Kansas	143,526	216,940,000
Kentucky	299,228	460,487,000
Louisiana	468,538	855,630,000
Maine	78,740	112,633,000
Maryland	317,806	487,350,000
Massachusetts	273,755	379,267,000
Michigan	551,936	845,417,000
Minnesota	211,680	299,125,000
Montana	63,609	95,119,000
Mississippi	339,200	630,683,000
Missouri	377,693	591,967,000
Nebraska	92,248	136,961,000
Nevada	122,501	180,528,000
New Hampshire	54,374	75,370,000
New Jersey	435,767	662,041,000
New Mexico	175,965	281,649,000
New York	1,270,362	1,963,974,000
North Carolina	631,573	1,022,694,000
North Dakota	36,133	52,111,000
Ohio	676,536	1,026,640,000
Oklahoma	275,477	442,994,000
Oregon	194,667	289,921,000
Pennsylvania	680,550	1,001,696,000
Rhode Island	57,669	82,906,000
South Carolina	368,792	618,732,000
South Dakota	47,213	70,636,000
Tennessee	471,109	755,997,000
Texas	1,837,306	3,219,751,000
Utah	105,430	161,623,000
Vermont	35,185	48,481,000
Virginia	433,094	677,990,000
Washington	301,904	436,578,000
Wisconsin	244,237	359,779,000
West Virginia	136,550	206,876,000
Wyoming	31,616	46,514,000
United States	**19,003,176**	**$30,282,507,000**

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820 First Street, NE
Suite 510
Washington, DC 20002
202.408.1080
202.408.1056 fax

Helping Workers Boost Their Paychecks!

A Guide to Earned Income Credit Outreach Strategies

THE EARNED INCOME EIC2000 CREDIT CAMPAIGN

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Helping Workers Boost Their Paychecks: A Guide to Earned Income Credit Outreach Strategies

Whether you are starting a new EIC outreach campaign, or you are looking for ways to revitalize existing efforts, this guide to outreach strategies can help. The guide covers essential EIC outreach campaign goals, as well as some general outreach techniques. It also focuses special attention on 10 key strategies designed to reach families and individuals eligible for the EIC. Finally, the guide illustrates how many of these strategies are being implemented by experienced outreach campaigns across the country.

Here's what's inside...

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Key goals, timing and fundraising

Beyond the Basics: 10 Key Strategies for EIC Outreach:

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Campaign Basics

What are the key goals for EIC outreach?

Inform workers about the EIC, let them know they may be eligible for it and give them the information they need to claim it.

Many eligible workers don't claim the EIC because they may not know about it or they don't know how to apply. People in low-wage jobs may not be aware that the EIC can provide a wage supplement to help them cover the costs of transportation, child care and other work-related expenses. New parents, grandparents raising grandchildren and foster parents may not realize they can qualify for the EIC.

Workers just entering the labor force may not have experience filing tax forms and are not likely to know what they need to do to get the EIC. Workers who earn less than the amount at which they are required to file a tax return, may not see a reason to do so. Although they are likely to be eligible for the EIC — especially if they are raising children — they can't get the EIC unless they file.

Let people know free tax filing assistance is available and help them find it.

Many workers find filing tax returns confusing and difficult, and a majority end up paying someone to do it for them. Using the services of a commercial tax preparer takes money away from a worker's EIC. Most low-wage workers don't know that free tax preparation is available through the IRS-sponsored Volunteer Income Tax Assistance program, called VITA. *For information on how workers can get their taxes filed accurately, on-time and free-of-charge, see the fact sheets, "VITA! Free Tax Preparation for Low-Income Workers" and "Commercial Tax Preparation and the EIC: Helping Workers Keep All of Their Refund" on pp. 8 and 10 in the fact sheet section of this kit.*

Help workers take advantage of the advance EIC payment option.

When a worker chooses the advance EIC payment option, the employer adds part of the worker's EIC to every paycheck, and the worker gets the rest of the credit after filing a tax return. For many workers, getting part of their EIC in each paycheck can make it easier to pay the rent, buy groceries, and meet other day-to-day needs. Employers also benefit from promoting advance EIC payments. By helping workers increase their take-home pay, they help ensure that workers have the resources they need to get to work and care for their families. This helps contribute to a more stable workforce. *For information on the advance EIC payment option, see the fact sheet, "Increasing Workers' Take Home Pay: The EIC Advance Payment Option," on p.6 in the fact sheet section of this kit.*

How can the outreach materials in this kit help you meet EIC Campaign goals?

This kit contains colorful posters that can be displayed in public places to help capture the attention of working families and individuals who may qualify for the EIC. Posters can go anywhere families and children gather, anywhere people work and anywhere they may go before work or when the workday is done.

Display posters in well-traveled areas at workplaces, job training sites, neighborhood stores and other local businesses, schools, child care centers, social service agencies, health clinics, houses of worship, community centers, housing facilities, recreation centers, libraries, and other public places.

There is space on the poster to write in local information on how to find out more about the EIC. This space could be used for:

- the address, phone number and hours for the nearest VITA site;
- the date, time and place of a community information session on the EIC; or
- a toll-free hotline number to call for more information.

To order extra posters, call the Center on Budget and Policy Priorities at (202) 408-1080. We can help you arrange to get your group's logo on the extras you order.

The kit also contains black and white flyers, brochures and envelope stuffers that are easy to reproduce. These materials can put more information about the EIC and how to claim it directly into the hands of workers who are likely to qualify. Flyers can be distributed at community meetings, sent home with children's report cards, made available in clinic waiting rooms, reproduced in newsletters or church bulletins, and used as ads in local newspapers and "Shoppers Guides." Envelope stuffers can be inserted in pay envelopes, customer bills, or government benefit checks.

In addition to promotional materials, the kit also contains the tax forms neccessary to claim the EIC, including the Schedule EIC, which must be attached to the 1040 or 1040A, and the W-5, which must be submitted to the employer to request advance EIC payments. These forms can be photocopied and distributed.

To remain on the Center's EIC Outreach Campaign database, be sure to return the postage-paid reply card included in this kit. By becoming part of the EIC Campaign network, you will receive important updates on the EIC and a summer mailing to help you jump-start next year's campaign activities. In addition, the Center's EIC Campaign 2001 Outreach Kit will be mailed to you automatically, free of charge.

When do you run an EIC campaign?

Early planning can be a big factor in making an EIC Campaign successful. Getting plans underway in late summer or early fall can give you a head start on engaging partners who may need lead time to get new activities on their agendas. For example, utility companies may need several months advance time to make decisions about what kinds of consumer education materials to send out with bills. Organizations interested in establishing new VITA sites should make contact with the IRS Taxpayer Education office as early as possible.

If tax season is approaching and you are just learning about the need for EIC outreach, there's still lots you can do. It's not too late to inform workers about the EIC, provide the proper tax forms and direct them to a place where they can get free tax filing help.

The busiest times for EIC outreach activities are:

- From mid-January through the beginning of February. This is when most workers receive W-2 forms from their employers.
- Between March 15 and April 15, when millions of workers race to beat the tax filing deadline.
- Workers can arrange for EIC advance payments at any time of the year. Outreach to raise awareness of the advance EIC payment option can be ongoing.

How do you find funding for an EIC campaign?

Successful EIC outreach campaigns vary in scope. For some groups, extra funds are needed to cover the costs of copying and distributing materials, placing advertisements or staffing phone lines. There are many strategies your campaign can use to find the resources you need.

Explore a variety of funding sources. EIC Campaigns can seek funding from private foundations. Community foundations, in particular, may have a special interest in an area's economic health. Civic or volunteer groups — such as Rotary Clubs or the Junior League — corporations, local businesses, or the United Way may be helpful. In-kind support, such as copying, postage, or donated TV or radio air time may be available from these groups.

Government grants also may be available for EIC outreach activities. Some EIC campaigns have been successful in securing funds from the federal Community Development Block Grant (CDBG). In addition, a new source of IRS support for special tax assistance efforts has been established. *For more information on obtaining CDBG funds for EIC outreach, call Steven Dow of the Community Action Project of Tulsa County, (918) 382-3200. For more information on the new IRS grants, see the fact sheet, "Low-Income Taxpayer Clinics" on p. 12 in the fact sheet section of this kit.*

When preparing a proposal for funding:

- **Show the need for the EIC.** Local information about low-income families can paint a picture of the need for the EIC. Statistics on poverty, hunger, unemployment, wages, and the cost-of-living will help make the case for the EIC.
- **Use local and state data.** Posted on the IRS website are spreadsheets for each state which show, for tax year 1997, the number of EIC claims made in each zip code. This makes it possible to develop city, county and regional participation figures, which may help indicate where outreach efforts should be concentrated. *Contact the Center on Budget and Policy Priorities at (202) 408-1080 about using this information.* Preliminary state-by-state EIC participation data for tax year 1998 are provided on p.31 in the fact sheet section of this kit. These numbers can help you make powerful statements about the value of the EIC. For example: "The EIC brought over $540 million into the state of Indiana in 1999!"
- **Highlight how the EIC boosts the local economy.** The EIC can bring more money into a state than many local industries. Consider drawing a comparison between the influx of EIC dollars and a significant source of state income. For example: "The EIC brought over $400 million into the state of Washington in 1999 — more money than the entire cherry and pear crops combined!"
- **Explain how your campaign will reach eligible workers.** Provide a list of your campaign partners and describe the activities each will undertake to reach out to their own constituencies. The more diverse your coalition, the easier it will be to persuade a potential funder that you will have access to a broad range of workers eligible for the EIC.
- **Find ways to document the success of past EIC outreach efforts.** Funders will want to know about the specific impact of your campaign. They will be interested in the amount of money that has come into the community and what this has meant in the lives of low-wage workers. Keep track of the number of families that called your hotline; quantify the success of your VITA site by reporting the number of tax returns that were filed and the value of EIC claims families received as a result. Share newspaper clippings and tapes or transcripts of radio and TV coverage.

Beyond the Basics: 10 Key Strategies for EIC Outreach

A successful EIC campaign reaches into every corner of the state, city or local community to find eligible workers and to develop creative ways to reach them. Following are 10 key strategies for building an effective EIC outreach campaign.

1. Build a local EIC network.

Why is this important?

EIC outreach is a big job. The more organizations that participate in the campaign, the more people you are likely to reach. Building a city- or statewide network that combines the talents and resources of diverse groups will multiply the effectiveness of your campaign.

How do you do it?

Convene a broad-based EIC coalition. An EIC campaign can unite many groups that don't ordinarily work together. Because the EIC promotes work, family, and local economic development, it appeals to groups with a range of interests.

Enlist partners such as state and local government agencies, the IRS, business associations, employers, local merchants, labor unions, religious institutions, school officials, human services providers, child care centers, job training programs, housing authorities, community-based organizations, advocates, media and others.

In communities with pressing basic needs, local organizations are often constrained by tight budgets, and staff members are already likely to have a "full plate" of job responsibilities. Demonstrate that the goals of the EIC campaign are consistent with the mission of potential partner organizations and that outreach activities can be a logical extension of current work.

Build on existing efforts. Some groups in your community may already be conducting EIC outreach. Organize a meeting to find out what everyone has been doing and how you can work together as partners. *Call the Center on Budget and Policy Priorities at (202) 408-1080 for a list of groups in your area that have received this EIC kit.*

Comprehensive EIC Campaigns have been flourishing in cities and counties around the country, including Atlanta, Boston, Denver, Los Angeles, Pinellas Co. (Florida), St. Louis, and Tulsa, and statewide in Illinois, Maryland, Minnesota, New Jersey, New York, Texas and Washington State. *Call the Center on Budget and Policy Priorities at (202) 408-1080 to get in touch with leaders of these campaigns.*

In addition, the National Law Center on Homelessness and Poverty conducts a national EIC outreach effort to advocacy organizations and transitional housing and shelter programs, which encourages such organizations to set up free tax help sites. *For more information about outreach to the homeless call the National Law Center on Homelessness and Poverty at (202) 638-2535.*

The Maryland EIC Campaign is coordinated by the Maryland Committee for Children (MCC), a child advocacy and child care resource and referral organization. After several years of organizing, the Campaign now has 125 partners, several of which provide support for the overall campaign and conduct outreach to their own constituencies, as well. EIC Campaign partners' roles include:

- Maryland Department of Human Resources (DHR) provides significant funding for the campaign to cover staff and printing materials. In addition, DHR conducts outreach to recipients of public benefit programs;
- Baltimore Gas and Electric helps conduct media outreach and also provides EIC information to customers through mailings and community workshops;
- United Way of Central Maryland operates a year-round, toll-free EIC/VITA hotline;
- Public transportation agencies donate space for placement of EIC posters on buses and light rail cars; and
- Maryland Volunteer Lawyers Service provides free tax preparation clinics.

Other campaign partners include regional associations of human resource professionals, county school superintendents, Center for Poverty Solutions, Catholic Charities, emergency food providers, Head Start, transitional housing programs, Maryland Child Care Resource and Referral Network and all county and city Departments of Social Services. *Contact: Lori Rogovin, Maryland Committee for Children, (410) 752-7588.*

Work with the IRS. Establishing a good working relationship with the IRS in your area can help enrich your EIC Campaign efforts. IRS involvement can give your campaign extra credibility. For example, an IRS representative can provide the help you need when difficult technical questions about the EIC arise during a community information session, or when you are talking to employers about their role in providing employees EIC advance payments.

A strong partnership with the IRS is a two-way street. For example, a broad-based EIC coalition can help the IRS office identify new sites for the Volunteer Income Tax Assistance (VITA) program and can be a source for volunteers who will assist workers in filing tax returns. In turn, the IRS provides training for those volunteers and also can help make VITA sites more effective by providing the software needed to offer electronic filing.

The IRS has EIC promotional materials, tax forms and other useful information for EIC Outreach Campaigns. Promotional materials are generally available in large quantities for free. *To order, contact your local Taxpayer Education Coordinator; phone numbers are listed on p.32 of this guide. To find tax forms and tax-related publications, visit the IRS website at www.irs.ustreas.gov. Check out the EIC information section at www.irs.ustreas.gov/ind_info/eitc4.html.*

2. Enlist public agencies and private partners that have direct contact with low-wage workers.

Why is this important?

Government agencies and private, nonprofit statewide and community groups have important roles to play in letting eligible workers know about the EIC. Many state and local government agencies have ongoing contact with families and individuals who receive public benefits and also work. For example, research suggests that about 40 percent of families that receive TANF benefits during a two-year period have some earnings during that period. Other benefits, such as food stamps and Medicaid, provide support to low-wage workers. Linking beneficiaries of these programs with the EIC — another support for low-income working families — supports efforts to help "make work pay."

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Since the passage of the 1996 welfare law, government agencies administering cash assistance programs are expecting beneficiaries to become part of the labor force. Increasingly, caseworkers are focusing on helping applicants and recipients find jobs or enter job training programs. Integrating EIC outreach into the routine contacts caseworkers have with clients will help ensure successful transition into the workforce.

Private, nonprofit human services agencies and community-based organizations often provide supportive services — such as food assistance, health care, child care and job training — to low- income families and individuals. Staff of these groups are likely to have developed trusting relationships with families, who rely on them for information and assistance. They are well-positioned to conduct EIC outreach.

How do you do it?

Identify government assistance programs that reach people eligible for the EIC. There are many government assistance programs that offer opportunities for reaching people who may be eligible for the EIC. The agencies that administer the following programs are just some of those that can be targeted for EIC outreach:

Temporary Assistance for Needy Families (TANF)
General Assistance
Food Stamp Program
Subsidized child care
Job training programs
Medicaid
Children's Health Insurance Program (CHIP)
SSI (Supplemental Security Income)
Supplemental Nutrition Program for Women, Infants and Children (WIC)
Foster Care
Child Support Enforcement
Public housing
Low-Income Home Energy Assistance Program (LIHEAP)
Unemployment compensation
Cooperative Extension Service

Reach out to current recipients, newly employed recipients and former recipients. Also reach out to applicants who have been denied benefits and to people on waiting lists. Make special efforts to reach benefit recipients who may be eligible for the EIC, but may not realize it. For example:

- Foster parents who work may not realize they can qualify for the EIC, as long as their foster child lived with them for the full calendar year. State foster care payments, which are usually low, do not count as income in determining eligibility for the EIC.
- Disabled adult SSI recipients who live with their families, regardless of their age, may be considered "qualifying children" for EIC purposes. Their working parents may be able to claim the EIC.
- People who have recently lost their jobs and are receiving unemployment compensation may qualify for the EIC due to having a reduced income. A 1992 law allows states to include an EIC notice with the 1099-G forms mailed each January to unemployment compensation recipients from the previous year. If the EIC notice does not increase the postage, the federal government pays for the mailing.

The state of Kentucky automatically sends out EIC information to newly employed TANF, Medicaid, and Food Stamp Program recipients. When local Community Based Services offices indicate on a state database that a recipient has found a job, the person is automatically placed on the EIC mailing list. Every year in January, the state sends out a letter and envelope stuffer to individuals on this list informing them they may be eligible for the EIC. In 1999 alone, 34,000 letters were sent out! *Contact: Pat Huddleston, Department for Community Based Services, Division of Family Support, (502) 564-7050.*

Try these approaches with agencies you identify:

- **Display posters and distribute flyers in well-traveled areas.** Waiting rooms, offices, lobby areas, and community centers are good display spots. Informational videos people can watch while they wait also can be useful. As the EIC Campaign 2000 Outreach kit went to press, the IRS was preparing a short informational video about the EIC. *Contact the local Taxpayer Education Coordinator in your area to find out when it will be available. Phone numbers for Taxpayer Education Coordinators are on p.32 of this guide.*
- **Piggyback on another mailing.** Arrange for information about the EIC to be included in regular mailings to families and individuals receiving public benefits. Include a flyer or envelope stuffer with rent notices, benefit checks, WIC coupons, waiting list notices, or other mailings.
- **Encourage local social services offices to provide free tax filing assistance.** Social services offices can work with the IRS to establish a free tax filing assistance site through the Volunteer Income Tax Assistance (VITA) program.

The Shawano Job Center, the county agency that administers the Wisconsin Works (W-2) program in Shawano, Wisconsin, coordinates two VITA sites, at its office and at a local bank. In 1999, VITA volunteers, including three county staff members, prepared tax returns for about 100 tax filers. Electronic filing will be available for workers filing taxes in 2000. In addition to offering free tax filing assistance, the Shawano Job Center provides regular workshops for W-2 participants. Workshops include information on the advance EIC payment option and other tax-related issues for new workers. *Contact: Cheryl Bahr, Shawano Job Center, (715) 524-2923.*

Identify private, nonprofit groups and community-based organizations that reach people eligible for the EIC. A wide variety of organizations provide services to families and individuals with low incomes who are likely to qualify for the EIC. Some of these programs include:

Child care resource and referral agencies
Head Start
Child care centers
Recreation programs; after school programs
Boys and Girls Clubs
Community Development Corporations
Habitat for Humanity
Tenant associations, resident councils
Shelters
Food pantries
Legal services
Community health centers
Hospitals
Job counseling and job training programs
Consumer Credit Counseling programs

Try these approaches with the groups you identify:

- **Incorporate EIC information into regular communications.** Organizations can display EIC posters, distribute EIC flyers, and publish articles about the EIC in their newsletters. Organizations that operate child care and job training programs usually have frequent contact with local employers. They can extend their outreach efforts by encouraging those employers to disseminate EIC information at the worksite and through paycheck stuffers.

Recognizing that financial stability is essential to women trying to escape violent relationships, the Florida Coalition Against Domestic Violence every year distributes EIC Outreach Kits to the 38 domestic violence shelters in its statewide member network. Money from the EIC is viewed as a way to help many struggling low-income women move on to better and safer circumstances. One shelter, the Haven of Religious Community Services (RCS) in Clearwater, makes sure that women who come in seeking services know about the EIC, and how to claim it. During tax-filing season, EIC information is posted in the outreach office, the transitional living facility and the shelter, and flyers are handed out with information on other income supports and counseling services. "One of our transitional clients was able to purchase a car as a result of the EIC," says a counselor, "Getting to work and taking the children to day care became much easier. Now she can now look for a better-paying job and not have to consider only what is accessible by bus." *Contact: Frieda Widera, Haven of RCS, (727) 441-2029.*

- **Host education sessions on the EIC** . Many organizations conduct educational programs for their program participants and for the community in general. Parenting classes and job training sessions are ideal places to incorporate EIC information. Community Development Corporations that sponsor first-time home buyer classes have promoted the EIC as a way to clear past debt and amass the funds needed for a down payment. The Cooperative Extension Service includes EIC information in its classes on family budgeting.

Second Start is a non-profit organization in Santa Clara County, California, that provides comprehensive assessment, basic skills/job readiness training, and employment retention and career advancement services to welfare recipients who are making the transition from public assistance to the labor force. Second Start provides each person starting a new job information about their EIC eligibility, and promotes the credit as a benefit of employment. Second Start also has assisted more than 400 new workers in filing EIC claims with their tax returns and has encouraged public agencies to provide similar tax preparation help to individuals receiving public benefits. *Contact: Michael Brauner, Second Start, (408) 558-1851.*

- **Sponsor a VITA site.** Community-based organizations can be instrumental in providing access to free tax filing assistance. They are best able to identify neighborhoods in need of VITA services and can help recruit volunteers that represent the community. Families and individuals are likely to feel most comfortable seeking tax help from a familiar organization.

The Legal Aid Society of Hawaii launched an EIC outreach campaign in 1998, which included providing free tax assistance for low-income residents. In two years, Legal Aid staff prepared 131 EIC claims resulting in refunds of over $235,000. The campaign distributed 160,000 EIC stuffers, which provided information about local free tax help and illustrated how workers could benefit from the EIC. An EIC fact sheet translated into Samoan was also distributed. A half-page fact sheet also was developed to explain that receiving an EIC refund generally will not affect eligibility for other public benefits. *Contact: Janis Fenton, Legal Aid Society of Hawaii, (808) 527-8038.*

Inform employees of nonprofit organizations.

In addition to providing services in their communities, nonprofit organizations also are employers. Their employees are likely to earn very modest incomes and are likely to qualify for the EIC. Organizations involved in outreach also should identify steps they can take internally to ensure that eligible workers know about the EIC and how to claim it. Inserting EIC information with paychecks and providing time off to visit a VITA site are good ways to start. Often, the best "ambassadors" for the EIC are individuals who have received the credit themselves. Employees who have had a positive experience at a VITA site and were able to use their credit to meet pressing needs will make the most enthusiastic outreach workers!

3. Reach out through schools.

Why is this important?

Campaigns can reach many potential EIC recipients by doing outreach through schools in which children from low-income families are enrolled. School officials are often viewed as trustworthy members of the community. When information comes from the school, parents are likely to take notice. School administrators know that a secure home environment promotes school achievement, and many have recognized the value of the EIC in contributing to family stability. According to Burton Arnold, the Instructional Supervisor at Miami-Dade County Public Schools: "The EIC and education go hand-in-hand. Children whose families have more resources ... do better. They become more functional and focused. Schools that help families promote the EIC improve parents' attitudes towards school, education, and learning. We've been helping thousands of families. We've changed their lives!"

How do you do it?

Try these channels for distributing EIC information to families:

- **Schools in which many students are eligible for free or reduced-price meals.** Many families with children who receive free or reduced-price school lunches will be eligible for the EIC. The state department of education can tell you which school districts have large numbers of eligible students. Enlist district superintendents or individual school principals in EIC outreach efforts. Information can be distributed to families along with school newsletters, report cards and lunch menus.

- **Title 1 programs.** Because they serve economically disadvantaged elementary school children, Title 1 programs and their parent advisory committees are good places to reach low-income workers. The state department of education can help you locate Title 1 schools.

- **Parent Teacher Associations.** PTAs can be instrumental in educating families about the EIC. Ask your state PTA to provide EIC information to all local PTA presidents and to encourage them to share the information with families through mailings and community assemblies. Offer to arrange for a speaker to talk about the EIC at an upcoming PTA meeting.
- **General Education Diploma (GED) programs.** Many GED participants are likely to be eligible for the EIC. Ask administrators to send EIC information with GED certificates. *For local GED contacts, call the American Council on Education hotline at 1-800-62-MYGED.*
- **Community colleges.** Full-time students ages between ages 19 and 24 can be qualifying children for the EIC. Older students who have returned to school to improve their job skills may be working part-time or at low wages and could be eligible for the EIC. *For more ideas on how colleges can promote the EIC, see p. 31 of this guide.*

The Piton Foundation's EIC Campaign involves schools in the metro Denver area and statewide. In 1999, a typical campaign year, almost all school districts participated by distributing thousands of EIC flyers directly to students, hanging posters in school buildings and publishing EIC information in school newsletters. In addition, EIC stuffers were mailed with 1,500 GED certificates and EIC packets were provided to all GED and adult education programs statewide. In addition, 215 vocational and technical schools received EIC materials, as did Title I programs, Head Start, preschool programs, and school nurses. Denver Public Schools included an EIC message in 13,000 employee paychecks. Teachers' aides and bus drivers got EIC information through their union. *Contact: Diane DiGiacomo Peck, The Piton Foundation, (303) 825-6246.*

Involve schools in conducting outreach in the community. Many schools have incorporated community service activities into the curriculum. Students can help publicize the EIC and assist at VITA sites. Fraternities and sororities can take on EIC outreach projects.

As part of its 1999 EIC Campaign, the Alexandria, Virginia Social Services Advisory Committee involved a high school track and field team. Runners spent an afternoon, followed by media cameras, distributing EIC promotional posters to 11 sites around the community, including recreation centers, community centers and Red Cross offices. The posters provided EIC eligibility information and announced where and when free tax assistance would be available. According to T.C. Williams High School track coach, Mike Hughes, "It was a chance for the kids to feel like they were contributing something to the community." This creative outreach tactic captured media attention for linking a community need with a community volunteer response. Headlines in newspapers covering the event read "Track Team Runs to Help Residents with Taxes." *Contact: Suzanne Chis, Alexandria Department of Human Services, (703) 838-0701.*

Give students practical experience. Colleges and universities that have accounting programs can encourage students to volunteer at free tax filing assistance sites as a way to gain practical career experience. For example, during a recent tax filing season, accounting students from the University of Notre Dame provided free tax preparation services to more than 2,000 low-income workers. *For more information, call Ken Milani, University of Notre Dame, School of Business Administration at (219) 631-5296.*

4. Involve businesses and employers.

Why is this important?

Since the EIC is a tax benefit for people who work, employers are a logical and important partner in any campaign. Remember, businesses have both employees *and* customers who could be eligible for the EIC — this makes them a great vehicle for outreach.

Keep in mind that the government is a large employer in most states and localities. Government employees often earn modest wages and may be eligible for the credit. In the course of their work, government employees may also have contact with potential EIC recipients and can be an important source of information about the credit.

How do you do it?

Convince local businesses to become involved in EIC outreach efforts. To interest local businesses in EIC outreach, stress the reasons they have a stake in boosting EIC participation.

- The EIC supplements employees' wages at no cost to employers, and because the EIC helps workers take care of day-to-day needs, it can help workers keep their jobs and promote a more stable workforce.
- An EIC refund helps customers pay bills.
- The EIC brings federal dollars into local economies.
- Publicizing the EIC can increase the company's visibility in the community.

Enlist a business organization to deliver the message. Gaining the support of the Chamber of Commerce, merchants' associations, trade groups or other business organizations will give your Campaign credibility with employers and will provide a link to large networks of businesses. For example, through the Texas Comptroller's Office, which has contact with businesses throughout the state, the Texas EIC Campaign offers outreach materials to 400,000 employers. *For more information, contact Carmen Luevanos of the Texas Comptroller's Office at (512) 463-4511.*

The McLean County Chamber of Commerce in Bloomington, Illinois produces and distributes an "employment retention packet" to businesses that employ entry-level, low-wage service workers. The packets include information for employees on the EIC and how to find VITA services, as well as information on local banks that offer free checking, social service programs that help with utility bills, car repair assistance available to low-wage workers, and household budgeting information. Chamber members receive the packet free of charge to duplicate and distribute throughout their workforce. Additional packets are distributed to community organizations that serve Spanish-speaking populations. Jerri Andrew, the Workforce Development Coordinator for the Chamber said, "We promote the EIC to employers as a cost-free employment support resource. The EIC allows low-income employees to stabilize their financial situation. Low-income workers who access the credit are able to catch up on expenses such as rent, child care, transportation, and medical bills, so they can concentrate on their jobs." *Contact: Jerri Andrew, McLean County Chamber of Commerce, (309) 829-6344.*

Persuade employers to incorporate EIC outreach into their activities. Employers can take a number of steps to promote the EIC among workers, including:

- **Send information to all employees.** Both public and private sector employers can include an EIC envelope stuffer or brochure with workers' W-2 forms. EIC information can also be sent with employee paychecks in December, January, February, or March.
- **Display EIC information in prominent places at the worksite.** Hang posters and provide flyers near the time clock, the employee lounge or in office waiting rooms. Publish information about the EIC in employee newsletters. A large government employer programmed office computers to run an EIC message as a computer "screensaver". Another placed an EIC reminder on the telephone recording that plays when a caller is "on hold".
- **Promote advance EIC payments.** Employers can inform workers about the Advance EIC payment option and make it easy for them to obtain and submit W-5 forms. A sample W-5 form is included in this kit.
- **Train managers to deliver EIC information to employees they supervise and to new hires.** Make employee education about the EIC part of a supervisor's responsibilities.
- **Involve VITA.** Employers with many low-wage employees can sponsor a free tax preparation clinic at the work site. *Contact the local IRS Taxpayer Education Coordinator for your area; phone numbers are listed on p. 32 of this guide.*

If you are working with businesses to promote advance EIC payments to their employees, provide them the Form W-5, along with the IRS payroll instructions for handling advance EIC payments. The instructions are contained in the advance EIC payment chapter of IRS Publication 15, Circular E, "Employer's Tax Guide". The Employer's Tax Guide also contains advance EIC tables employers can use to easily determine the amount to add to an employee's paycheck. *Free copies of the Employer's Tax Guide can be ordered from the IRS by calling 1-800-TAX-FORM or download it from the IRS website, at: http://www.irs.ustreas.gov/prod/forms_pubs/pubs.html*

The Burger King Corporation trains its managers to help promote the EIC. All company-owned restaurants nationwide display EIC posters, send employees EIC information in their paychecks and make W-5 forms available to those who want EIC advance payments. Managers of individual restaurants receive annual training on the EIC and the advance EIC payment option so they can inform workers and are able to answer their questions. Burger King also provides EIC information and training to regional staff responsible for recruiting restaurant crews. Crew recruiters are supplied with EIC flyers in English and other languages and share them with new employees. *Contact: Millie Huneycutt, Burger King Corporation, (305) 378-7504.*

Persuade local businesses to inform their customers. Stores can display posters and distribute flyers to customers. Grocery stores can stuff flyers into shopping bags. Utility companies can insert EIC information with monthly bills. Family restaurants can print EIC messages on tray liners or placemats. Department stores can have EIC announcements on in-store public address systems.

PG Energy, a utility company serving 10 Pennsylvania counties, gets EIC information to both employees and customers. During the tax filing season, information on the EIC and other money-saving tax tips are inserted in workers' paychecks. The company also mails EIC information with all 150,000 customer bills. A special newsletter about the EIC is targeted to low-income customers, including those who receive energy assistance through the LIHEAP program and individuals who may be behind in their bill payments. Company representatives are reminded to discuss the EIC during contacts with customers. In addition, flyers are available and posters are on display at all PG Energy service offices. Representatives also take materials to community events, holiday festivals, and shopping malls, and encourage social services agencies to promote the EIC to the families and individuals they serve. *Contact: Ann Blaskiewicz, PG Energy, (570) 829-8659.*

5. Target special outreach efforts to workers without children.

Why is this important?

Very low-income workers who are not raising children may be eligible for a small EIC. Many eligible workers may be unfamiliar with the EIC or they may think it is only for families with children. Since these very low-income workers may not be required to file a tax return, there is danger that they will inadvertently miss out on the EIC, which can only be obtained if a tax return is filed.

For some workers, the EIC benefit — which will average about $210 in tax year 1999 — may seem too small to make filing a tax return worthwhile, especially if they perceive tax forms as too complicated.

Many workers fear that if they receive the EIC they may lose other benefits such as SSI, General Assistance, or Medicaid. Overcoming these concerns with facts about the credit is an important part of outreach. *For information about some of these concerns, see the fact sheet, "Questions and Answers about the EIC", on p. 14 in the fact sheet section of this kit.*

How do you do it?

Finding very low-income workers not raising children can be especially challenging. Many of the places that are natural gathering points for families with children — such as schools and child care programs — will not be fruitful outreach settings. Targeted efforts are needed to reach these workers and to encourage them to apply for the EIC.

Remember that workers whose earnings are too small to pay federal income taxes do not have to file their tax returns by the April 15 deadline. Outreach to these workers is relevant all year!

Target workers who may be working sporadically. To have incomes low enough to qualify for this credit, workers are likely to have been employed on and off during the year. Try distributing materials at:

- Pick-up and drop-off spots for day labor
- National and regional hotel, motel and other service industry chains
- Check-cashing outlets and convenience stores
- General Assistance, food stamp or unemployment offices

Target workers with health or housing situations that have impeded their efforts to work. Some of these workers may have disabilities or may have been in circumstances that have prevented them from holding full-time or higher-paying jobs. Try reaching them through:

- Veterans Administration hospitals or service centers
- Transitional housing programs
- Homeless shelters
- Food banks and soup kitchens
- Probation offices
- Half-way houses or mental health or substance abuse service centers

Many people who are homeless or at risk of homelessness are currently working or have recently been employed. Bay Region Benefits Access Collaborative (BAYBAC) in San Francisco has trained law student volunteers and VISTA volunteers to provide free tax preparation to such workers. Over three years the organization has assisted some 350 workers, many of whom are single adults and veterans. The project helped these workers obtain about $157,000 in EIC refunds. *Contact: Michelle Finn, BAYBAC, (415) 512-1728.*

Target workers in school or training programs. Some of these workers will be in school or training programs. Try distributing materials at:

- Universities with non-traditional students
- English as a Second Language or literacy programs
- Vocational rehabilitation centers
- Job training programs

Direct these workers to places they can get free tax filing help. Workers not raising children may not be familiar with how to file a tax return, and even though they can use the simpler 1040EZ to get the EIC, the process may still seem daunting. For example, it may be difficult for workers to piece together information for tax filing if their work has been inconsistent during the year or if they do not have access to documentation they need.

Let workers not raising children know they may be able to file by phone. In 1999, nearly 6 million taxpayers filed their 1040EZ tax forms by telephone. In 2000, this option will be available to single and married workers with no dependents who used the 1040EZ to file their 1998 tax returns and are still at the same address. The IRS will send these workers a special "Telefile" packet with instructions and a special personal identification number (PIN). Using the tax forms and worksheets provided, taxpayers use a touch-tone phone to call the IRS Telefile number and key in the PIN and their tax form information. Telefile is available for the hearing impaired who have access to TDD/TYY equipment. If the taxpayer is eligible for the EIC for workers not raising children, the credit will be calculated automatically! Since very low-income workers may not have access to a touch-tone phone, EIC outreach campaigns may want to open their doors evenings or on weekends and make their phones available for a File-By-Phone event. The call is toll-free.

6. Reach out to people who don't speak English.

Why is this important?

EIC outreach is critical in communities where English is not the primary language. Non-English-speakers often earn low incomes and are very likely to qualify for the EIC. Outreach messages that highlight the eligibility of immigrants who are legally authorized to work are especially important, since immigrants who have lost access to other public benefits may not believe they still can qualify for the EIC. Public education campaigns and free tax filing services that are conducted only in English will miss large groups of eligible workers who badly need the information and assistance.

BEST COPY AVAILABLE

The EIC flyer in this kit is available in the following languages: Amharic/Ethiopian, Arabic, Bosnian, Cambodian, Chinese, English, Farsi, French, Haitian-Creole, Hmong, Italian, Korean, Laotian, Polish, Portugese, Russian, Somali, Spanish, Tagalog, Ukrainian, and Vietnamese. *English and Spanish versions are included in this kit. To obtain other languages, call the Center on Budget and Policy Priorities at (202) 408-1080.*

How do you do it?

Develop links with trusted institutions. Schools and religious institutions are examples of community institutions that families tend to trust. Enlist school officials and clergy in efforts to promote the EIC. Many states have English as a Second Language programs or migrant education coordinators within their education departments. Encourage schools to provide bilingual take-home notices and to post bilingual material. Disseminate information about the EIC through education, recreation and social programs sponsored by churches, mosques or synagogues. Encourage these institutions to establish VITA sites; recruit VITA volunteers from among the community groups involved in your coalition to help make sure free tax filing sites have volunteers who can speak the language of workers seeking assistance.

Make connections with established community networks. Community groups may sponsor community events, such as health fairs, education sessions, job fairs, or holiday festivals that present opportunities to talk with working families and individuals who may qualify for the credit. Informal "institutions", such as ethnic grocery stores or restaurants, barber shops or nail salons, may be important places to have posters and flyers. Word-of-mouth and networks of friends and families can be powerful channels for sharing information.

Use bilingual outreach material. In this kit you will find Spanish versions for all the public education materials, and materials in other languages are available from the Center on Budget and Policy Priorities. Keep in mind that distributing written material is not the only approach. Try to engage campaign partners that can help interpret EIC information during presentations or individual conversations.

Tap into non-English media. Many non-English-speaking communities have their own radio and television programs, as well as magazines and newspapers. Encourage news coverage, run ads, write articles, or develop public service announcements on the EIC. *For more information on involving Spanish-language media, contact the Economic Mobility Project, National Council of La Raza at (202) 776-1786. For Spanish versions of the PSAs in this kit, contact the Center on Budget and Policy Priorities at (202) 408-1080.*

United Farm Workers (UFW), the national union representing migrant and seasonal farm workers, delivers the EIC message to Spanish-speaking Mexican immigrant families. Using a network of local Latino organizations and media outlets, UFW reaches out across state lines from south Texas to Washington State. EIC information reaches the entire central coast of California and the San Joaquin Valley, the heart of the agriculture industry. Communities in Arizona and New Mexico are covered as well. Through their 14 offices operating in these states, UFW organizers talk about the EIC at meetings with workers and distribute flyers to the surrounding Latino community. During the tax filing season, union-sponsored radio stations feature PSAs in Spanish and farmworker newsletters and local newspapers carry EIC information. Many UFW sites host tax filing assistance programs where tax preparers deal with difficulties specific to migrant workers, such as not having wage documentation. *Contact: Tanis Ybarra, UFW, (559) 646-3376.*

Make sure bilingual free tax help is available. Make sure VITA sites have volunteers who speak the language of the community. Help recruit volunteers to be trained to staff the VITA sites. *For more information call the Taxpayer Education Coordinator for your area. Phone numbers for Taxpayer Education Coordinators are on p. 32 of this guide.*

Make special efforts to reach immigrant workers. In addition to the community organizations and institutions mentioned, provide information about the EIC through Newcomers Clubs, settlement houses, immigrant aid associations and legal services. Organizations such as Catholic Charities, Jewish Family Services and Mutual Assistance Associations (MAA) provide helpful services to refugees. *For information on issues related to EIC eligibility for immigrant workers, see "Questions and Answers About the EIC" in the fact sheet section on p. 17 of this kit. To find the MAA in your state, call the Southeast Asia Resource Action Center at (202) 667-4690.*

The IRS Taxpayer Education program in Brooklyn has made extensive efforts to reach immigrant communities. EIC flyers translated into Haitian-Creole, Arabic, Chinese, Russian and Korean were sent to local libraries where tax information is displayed and VITA sites operate, as well as to churches and area housing projects with community centers. A public service announcement about the EIC and the VITA programs aired in English and Spanish on the public access TV stations in Brooklyn, Queens and Long Island. *Contact: Merle O'Brien, IRS Brooklyn, (718) 488-2857.*

7. Expand Access to Free Tax Filing Assistance.

Why is this important?

Many people find tax returns complicated and intimidating. When it's time to file their taxes, they may seek help from a friend or family member who may not know the proper way to claim the EIC, or they may go to a commercial tax preparer and pay a substantial fee. Thus, many workers risk having errors on their tax forms that could cause delays or more serious problems later on, or they reduce the full benefit they could be enjoying from the EIC. Outreach campaigns that develop opportunities for low-income workers to get free tax filing assistance are helping families and individuals save money and avoid errors on their returns.

How do you do it?

Join forces with the IRS to promote VITA. VITA stands for Volunteer Income Tax Assistance. It's a free, IRS-sponsored program to help low-income workers fill out their tax forms. Some communities have several VITA sites; others have only sparse coverage. Contact your Taxpayer Education Coordinator to obtain a list of the VITA sites in your area. *Phone numbers for Taxpayer Education Coordinators are on p. 32 of this guide.*

- **Help advertise existing sites.** EIC campaigns can advertise the availability of existing VITA sites and refer tax filers to a nearby site for help.

To advertise and help people better understand IRS VITA services, the Minnesota Alliance for Children and Minnesota Accounting Aid Society produced an 8-10 minute video showcasing VITA sites. The video explained the VITA program, advertised community sites, advised viewers on what to bring and showed what actually takes place at a VITA site. Copies were distributed to community service providers, job preparation programs, and were incorporated into presentations about the EIC. *Contact: Donna Bailey, University of Minnesota Extension Service, (612) 625-8260.*

- **Improve VITA services at existing sites.** Electronic filing can improve VITA services. When tax returns are filed by computer, refunds generally come back more quickly. The IRS can provide the software needed for electronic filing. If VITA sites in your community do not have computers, it may be possible to get them donated. Local businesses that are upgrading their computer equipment may be willing to donate the older models. Talk with your local Taxpayer Education Coordinator about arranging for electronic filing at VITA sites.

  EIC Campaigns also can improve VITA services by providing child care on site and by providing interpreters for tax filers who speak languages other than English.

- **Establish new VITA sites in underserved neighborhoods.** Community- based organizations that work directly with low-income working families can provide tangible help to those families by hosting a VITA site. Community Action Agencies, schools, recreation centers, libraries, housing developments, and public assistance offices make good locations for VITA. Local businesses may be able to help by donating space for VITA sites.

- **Recruit volunteers to provide free tax help.** EIC Campaigns can recruit volunteers to be trained to provide free tax filing assistance. It is most helpful for volunteers to come from the community where the VITA site is located. People in job training programs may be interested in participating in VITA training — proficiency in preparing tax returns may pay off in the job market later on. College students, retirees, members of service clubs and civic groups are likely VITA volunteers, as well.

The Community Action Project of Tulsa County in Oklahoma operates a free tax assistance program in four locations. Space for the VITA sites is provided by local banks and each is equipped to file tax returns electronically. Direct mail to United Way agencies, temporary employment agencies, the Housing Authority, employees of five hospitals, city employees, subsidized day care facilities, and houses of worship promote the program. In addition, advertisements run on over a dozen radio and TV shows, as bus placards and billboards, and in newspaper ads and local newsletter articles. In 1999, the Project's tax hotline received 14,000 calls. The program completed 10,349 returns for families with an average income of $14,381, generating in excess of $10.9 million in refunds. *Contact: Steven Dow, Community Action Project of Tulsa County, (918) 382-3200.*

Schedule a special free tax filing event. If your organization does not have the resources to sponsor a VITA site throughout the tax season, or if you started your EIC outreach efforts after VITA site lists were already finalized, you may still be able to arrange to provide free tax filing assistance in your community. Schedule a special event for a specific evening or weekend. Check with the Taxpayer Education Coordinator in your area to see whether VITA volunteers may be available for the event, or enlist the help of accounting students from a local college or members of the local chapter of Accountants in the Public Interest. Be sure to let tax filers know what documents to bring with them

Establish a Low-Income Tax Clinic (LITC) in the community. A new IRS grant program is available to help establish tax clinics that will help low-income tax payers resolve tax problems and to help low-income taxpayers who do not speak English. These clinics can provide help after the tax season when VITA sites are no longer in operation. *For more information, see the fact sheet, "Low-Income Taxpayer Clinics", on p. 12 in the fact sheet section of this kit.*

The Center for Law and Human Services in Chicago developed the Tax Counseling Project (TCP) to provide free tax assistance services geared to the needs of very low-income clients. Based on the program's impressive results, the Illinois Department of Human Services provided funding allowing TCP to expand its sites and TCP now operates in 17 Illinois communities, including Chicago, Peoria, East St. Louis, and Springfield; TCP is also one of the new Low Income Taxpayer Clinics funded by IRS. TCP recruits and trains more than 280 volunteers from local corporations, as well as federal and state government agencies. Utility companies, including Commonwealth Edison and Illinois Power, sent out EIC flyers and bill stuffers that include local TCP hotline numbers to 800,000 customers. TCP also promotes awareness of the EIC among groups that are likely to be unaware of their eligibility. For example, 44,000 copies of a tax benefit handbook were distributed to foster and adoptive parents. Outreach materials also were designed for families with disabled adult children. In 1999, more than 7,000 low-income taxpayers, whose income averaged $10,261, received assistance from TCP. They received over $9.3 million in tax refunds, including $6.7 million in EIC benefits.
Contact: Efrain Soto, Tax Counseling Project, (312) 341- 1666.

8. Set up an EIC hotline.

Why is this important?

Campaign organizers report that one of the most frustrating parts of doing EIC outreach is that during tax filing season, the IRS telephone lines are almost always busy. As a result, many workers see an EIC flyer or poster and want to learn more, but can't. They may simply give up.

A local EIC information hotline is a great way to provide workers with information about eligibility, direct them to a nearby VITA site, and help them get the necessary tax forms. Also, a local hotline can make special efforts to be responsive to the needs of workers within specific communities. For example, in areas where large numbers of residents speak languages other than English, a local hotline can make it a high priority to have bilingual operators ready to help callers.

How do you do it?

Decide how hotline calls will be answered. Hiring an answering service is one way to set up an EIC hotline. While it may cost money, businesses or foundations in your community might be willing to help. If you decide not to hire an answering service, there are some other options. For example, if your target area is not too large, interns, volunteers, or a voice-mail system can refer callers to VITA sites. Alternatively, you can cover a larger area and share costs with other interested parties, by establishing a regional hotline with groups around your state or in nearby states.

Following are some of the organizations from around the country that have experience operating local hotlines. *To hook up with the organizations listed, call the Center on Budget and Policy Priorities at (202) 408-1080.*

HELPLINK, Northern California Council for the Community,
San Francisco, CA (9-county region)

Community Information & Referral,
Phoenix, AZ (statewide)

United Way of Southeastern Pennsylvania,
Philadelphia, PA (metro area)

Info Line of Los Angeles,
El Monte, CA (city and county of LA)

Community Action Project of Tulsa County,
Tulsa, OK (local)

Center for Law and Human Services,
Chicago, IL (statewide)

First Call for Help, United Way of Central Maryland,
Baltimore, MD (statewide)

Washington Department of Employment Security,
Olympia, WA (statewide)

Minnesota Department of Revenue,
St. Paul, MN (statewide)

Department of Human Services,
Alexandria, VA (local)

Decide what your hotline will offer to callers. The best EIC hotlines have a number of key features. They operate seven days a week, 24 hours a day — or at least during some non-business hours — and have operators that speak languages other than English, where needed. Your hotline can help callers determine if they are likely to be eligible for the credit, or it can simply refer them to VITA sites. It is helpful to send callers a packet of materials, including:

- A simple fact sheet describing the EIC and how to apply
- Schedule EIC
- A list of VITA sites in their area
- A postage-paid reply card so your campaign can get feedback on the hotline services

For a sample EIC Hotline Script, contact the Center on Budget and Policy Priorities at (202) 408-1080.

Washington State's EIC Information and Referral Hotline provides "live" and recorded information about EIC eligibility. Callers receive brochures, EIC tax forms and referrals to free tax assistance sites in their area. The hotline also provides information about EIC advance payments to filers and employers. Although the hotline is staffed only during regular business hours, the phone system provides recorded messages about the EIC and allows people to request information and tax forms 24 hours a day. In 1999, its first year of operation, the hotline received nearly 11,000 calls from all over the state during the 10-week tax season. In addition to taking "inbound" calls, hotline staff also made 5,000 calls to former and current TANF recipients who are employed, to make sure they know about the EIC. *Contact: Barbara Gorham, Washington Office of Financial Management, (360) 586-4064.*

Link up with an existing information hotline. Look for Information and Referral services, such as those commonly run by United Way agencies, that already receive calls from individuals likely to be eligible for the EIC and propose that its operators answer questions about the EIC during tax filing season. Provide the service with the information it needs to respond to EIC calls and help prepare for the extra volume of calls the hotline can expect to receive by contributing staff, volunteers or funds.

Child Care Resource and Referral (CCRR) agencies operate hotline services in which telephone counselors help families in search of affordable child care. Many CCRR phone counselors discuss the EIC with callers and point out that EIC payments can be used to cover the out-of-pocket costs of child care.

Large employers may have company-wide hotline services to assist employees with concerns about transportation, child care, and other social services needs. Adding an EIC information component makes sense.

Marriott International has been working since 1997 to inform its employees, called "associates", about the EIC and to help boost their participation. Marriott first conducted a targeted EIC educational campaign in selected pilot locations. On-site Human Resources departments, in partnership with the Associate Resource Line (Marriott's national assistance hotline), provided the expertise required to inform associates about eligibility and the filing process for the EIC, including the advance payment option and VITA. The Associate Resource Line is equipped to provide such assistance in up to 150 languages. Following the pilot's success and armed with increased knowledge of Marriott associates' concerns, the nationwide roll-out provided detailed information on the benefits of the EIC, with a primary focus on using the advance payment option. In collaboration with the Center on Budget and Policy Priorities and backed by the Associate Resource Line, Marriott conducted regional training sessions, modified new hire materials, provided EIC bilingual education packets at all locations, communicated through the company newsletter and distributed EIC paycheck stuffers to all associates. As a result of the campaign and the ongoing associate education in the field, Marriott reports an extremely positive increase in utilization of EIC advanced payments. *Contact: Kathy Austin, Marriott International, (301) 380-8851.*

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9. Use the media.

Why is this important?

Strategic use of the media can greatly expand the reach of your campaign. While there is no substitute for one-to-one outreach in which trusted community members directly inform workers about the EIC, reading about the EIC in the newspaper or hearing about it on the radio can reinforce information workers may have received from an employer, a child's school or a community agency.

Media coverage of your campaign activities also can attract new partners and help recruit volunteers. Stories that feature working families that have been helped by the EIC also can foster public support for assisting working families and individuals.

How do you do it?

Educate the Media about the EIC and your campaign efforts.

- **Create a media packet.** Components of a media packet should include a fact sheet explaining why the EIC is important and why outreach is needed, who is eligible, and how to apply. It also should include a list of VITA sites, local participation data and a list of campaign partners. Try to provide brief stories explaining how local families were helped by the EIC. It is especially helpful to find families willing to talk to reporters about their experiences. Be sure families feel comfortable telling their personal stories and are able to tell their stories clearly and completely. Always get prior permission before sharing anyone's name and phone number with a reporter.

- **Compile a media contact list.** Identify the people at local newspapers, radio stations and television stations most likely to be interested in covering the EIC story. Your contacts may include reporters assigned to human services, feature writers, financial or business editors, or personal finance columnists. There may be more than one good contact at larger news organizations. For smaller ones, the city editor or the assignment editor often will be your best contact. If you want to reach media statewide, include the state Associated Press on your contact list.

- **Send the packet to the people on your contact list.** In your cover letter, pitch the story from an angle the reporter or writer would find most compelling. For example, a personal finance editor might be interested in how VITA can save money for low-income taxpayers or how the EIC helped a working family put together the money to buy a car needed to get to work. Make follow-up calls to be sure the packet was received and to answer any questions.

Make special efforts to reach out to the non-English language media. Families that primarily speak languages other than English often rely heavily on their own community media for news and information that affects their daily lives. Radio can be a particularly powerful tool. Work with community organizations that represent the audience you are trying to reach. Ask for their help in preparing news releases in the language spoken by the target audience. Tailor the news release to address issues of special interest to the target audience. For example, assuring families that immigrants who are legally authorized to work can get the EIC may be the most important message for some communities. Enlist a community leader who speaks that language to be interviewed or to participate in a talk show.

Plan a media event to publicize the EIC Campaign. A special event can help kick off your campaign, draw attention to new VITA sites or advertise a new hotline number. Getting a high-profile public official or community leader to participate can help draw reporters to cover the event. The setting for your event should help illustrate the purpose of the EIC and the goals of your campaign. For example, to emphasize that the EIC helps working families keep their jobs, hold the event at a local child care center and ask a parent to give a brief statement about how the EIC helped her cover the costs of child care. To promote the role of employers, conduct the event at a worksite where low-wage workers are employed. Ask the employer to talk about why it is in the best interest of businesses to promote the EIC. Develop a set of "talking points" so that campaign spokespersons are well-prepared to discuss the key ideas with reporters during interviews with reporters.

In 1999, a Denver TV station, Channel 7 KMGH, joined with the Piton Foundation and the IRS to highlight the availability of VITA sites with electronic filing capability. Channel 7 was interested in enhancing its level of community involvement and was attracted by the opportunity to help a veteran EIC campaign pursue a new outreach strategy. Piton identified low-income communities that did not have adequate access to VITA and worked with the IRS to establish new locations for VITA sites that would be equipped for electronic filing. Channel 7 produced and aired spots that featured one of the new VITA sites each week and provided a phone number to call for other VITA locations. IRS provided laptops and tax preparation software for a squad of VITA volunteers who provide extra coverage for the featured site each week. *Contact: Diane DiGiacomo Peck, The Piton Foundation,* (303) 825-6246.

Keep attention focused on the EIC by providing material for talk shows and the op-ed page. Pitch the EIC as a great topic for radio or television talk shows, especially those that cover public affairs or consumer affairs topics. Large businesses, such as utility companies, often sponsor consumer affairs shows on public access television.

Meet with the editorial board of the local newspaper to make the case for including an editorial about the value of the credit for low-wage workers. Or, submit an op-ed piece or opinion column. Write a letter to the editor to increase awareness or to raise special issues about the EIC.

Use the media to advertise the EIC and VITA.

- **Advertise in print.** Weekly newspapers or small community newspapers may be willing to print the flyer in this kit as an advertisement. Modify the flyer to include a local phone number for more information or to provide the locations of neighborhood VITA sites. Shoppers Guides and circulars that advertise in-store sales also are good places to run EIC messages.

- **Advertise on the air.** Radio stations and local television stations may be willing to run public service announcements (PSAs) about the EIC. Focus on radio and television stations that are popular in communities most likely to have workers eligible for the EIC. *Sample PSAs are included on p. 26 of this guide.* Some stations may want you to record your own PSA, and may be willing to help you produce the spot; others may prefer that you provide a script for the station's own announcer to read.

  While PSAs run for free, stations seldom broadcast them at the most favorable times of day. Purchasing air time can be very expensive, but some outreach campaigns have been able buy a limited amount of time and convince the radio or television station to match the purchase with additional time or a better time slot. In one community, a utility company had access to the television spot that ran right after the state lottery numbers were announced each evening. The company agreed to use the spot for an EIC message — directed to all the viewers not lucky enough to have picked the winning numbers that night!

- **Use other high-visibility advertising methods.** Billboard advertising should be eye-catching and messages should be very brief. Billboard space can be donated by local advertising agencies. Ads on public transportation, such as bus shelters, busses and trains, also are useful and transit authorities may be willing to donate the space. *Contact the Center on Budget and Policy Priorities for information on how the poster in this kit can be modified for public transportation displays.* In some movie theaters, slides with local ads are projected on the screen before the film. Check with the theater manager to find out how an EIC ad can be included.

New Jersey Governor Christine Whitman and a basketball Hall of Famer, Willis Reed, were featured in radio and television PSAs produced by the NJ Department of Human Services and its EIC Campaign partners. Media were invited to the taping of the PSA, where players from a children's basketball team got their NJ Nets hats autographed by Reed. The PSAs were distributed to approximately 50 TV and radio stations. The TV PSA also was placed on the state's website: www.state.nj.us. *Contact: Steve Valli, NJ Department of Human Services, (609) 292-4750.*

10. Improve the EIC through your state legislature.

Why is this important?

Advocates and state and local legislators can work together to augment the benefits available through the EIC and to support efforts to ensure eligible families and individuals get the benefits to which they are entitled.

How do you do it?

Make EIC outreach a law. Several states have passed laws *requiring* that state agencies send EIC information to groups of people likely to be eligible for the credit, such as state employees, people who receive TANF, food stamps, Medicaid, or other benefits, foster parents, people receiving unemployment compensation, and others. At least one state, Illinois, has mandated that all employers notify workers about the credit. *For more information on creating a state law to promote EIC outreach, call Carmen Luevanos of the Texas Comptroller's Office at (512) 463-4511, or Illinois State Representative Julie Hamos, (847) 424-9898.*

In 1998, the City of Los Angeles passed a living wage ordinance that included a provision calling on businesses with city contracts to promote the EIC among their employees. To broaden these efforts, the Los Angeles Community Development Department and the Private Industry Council developed a major campaign to address concerns about low participation in the EIC among local workers. The primary sponsors of the campaign — the City of Los Angeles, the County of Los Angeles and the IRS — enlisted campaign partners such as the Greater Los Angeles Chamber of Commerce, Catholic Charities, Mayor's Office of Economic Development and the Welfare to Work Leadership. The Campaign contracted with the Info Line of Los Angeles to expand its EIC hotline capacity to respond to calls generated by the distribution of EIC information to all city employees and through "One-Stop" public benefit eligibility determination offices. Between March 1998 and May 1999, the Info Line handled 6,200 EIC-related calls and outreach efforts continue to grow. Most recently, a "EIC 2000 - A Community Information Breakfast" attended by over 400 community and faith-based organizations kicked off campaign activities for the next two years. *Contact: Deborah Guajardo, IRS EIC Coordinator, Los Angeles Community Development Department, (213) 847-3261.*

Advocate for a state-level, refundable EIC to increase the value of the credit.

Colorado, Kansas, Maryland, Massachusetts, Minnesota, New York, Wisconsin, and Vermont have established refundable state EICs. State credits generally are designed to provide eligible workers a percentage of the federal EIC for which they qualify. For example, the New York State EIC is 20 percent of the federal EIC. A family that receives a federal EIC worth $1,000 can get an additional $200 through the state EIC. Recently, the first local-level EIC was passed in Montgomery County, Maryland. Workers raising children in Montgomery County are now eligible for a county earned income credit, set at a percentage of the state EIC. Other states are working to establish their own EICs. There are several important reasons why a refundable state EIC is important:

- It has all the benefits of the federal EIC and makes even more money available to low-income workers. It shows a state's commitment to reducing poverty among families with children and "making work pay" for low-wage workers in general.
- A number of states are responding to a strong economy by enacting tax cuts. Enacting a state EIC is a way to ensure that low- and moderate-income families share the benefits of new tax cuts. In most states, low-income people pay more of their earnings in state and local taxes, such as sales and property taxes, than do higher income people. In addition, nearly half the states impose income taxes on the working poor. A state EIC helps offset these taxes.
- A state EIC is not difficult to administer. Most states use the federal eligibility rules and simply set their EIC at a percentage of the federal credit — at 25 percent, for example. Tax filers take the amount of their federal EIC and multiply it by the state's percentage to get their state EIC.

For more information about the design of a state Earned Income Credit, see the Center on Budget and Policy's report: "A Hand Up: How State Earned Income Credits Help Working Families Escape Poverty" by Nicholas Johnson. Visit the center's website at www.cbpp.org, click on the "EITC" section. *For further help concerning state EICs, call the Center's State Fiscal Project at (202) 408-1080.*

The Tax Equity Alliance of Massachusetts (TEAM) has coordinated an annual EIC outreach campaign for several years. This initiative increased the EIC's visibility as an important benefit for low-income working families. In 1997, TEAM successfully led an effort in the state legislature that resulted in the creation of a state EIC; in 1999 the state EIC was expanded from 10 percent of the federal credit to 15 percent. TEAM's annual outreach campaigns were instrumental in building the strong support needed to pass these measures. *Contact: Nora Ranney, TEAM, (617) 426-1228.*

Sample Public Service Announcements

15 Seconds

If you worked last year and earned a low income, the IRS could owe you money. Call one-eight-hundred, eight-two-nine, ten-forty and ask about the Earned Income Credit, a tax benefit for people who work.

30 Seconds

If you worked last year, even part time, and earned a low income, the IRS could owe you money — up to thirty-eight hundred dollars if you're raising children. It's called the Earned Income Credit, a tax benefit for people who work.

To get the credit you must file a federal tax return. If you're raising children, file Form 1040 or 1040A and attach a second form called Schedule E-I-C. If you're not raising children, file any federal tax form.

To find out more, call the IRS toll free at one-eight-hundred, eight-two-nine, ten-forty.

60 Seconds

If you worked last year, even part time, and earned a low income, the IRS could owe you money — up to thirty-eight hundred dollars if you're raising children. It's called the Earned Income Credit, a tax benefit for people who work.

It used to be just for families. But now even those without children can get a small credit.

Getting the credit is easy. You just file a federal tax return. If you're raising children, file Form 1040 or 1040A and attach a second form called Schedule E-I-C. If you're not raising children, file any federal tax form.

If you qualify, you'll either owe less in taxes, or get a check back from the IRS. You can even get the credit if you owe no income tax.

Want to know more? Call the IRS toll free at one-eight-hundred, eight-two-nine, ten-forty. Ask your employer about getting advance EIC payments in your paycheck. Put some extra cash in your pocket. Check out the Earned Income Credit.

Ten Ways Early Childhood Programs Can Promote The Earned Income Credit

There are many opportunities to raise awareness about the Earned Income Credit and to help eligible working families and individuals claim this important tax benefit. Remember, both parents *and* staff may be eligible.

1. Display the EIC poster in your child care center, Head Start center, or family day care home. Keep EIC fact sheets and the Schedule EIC on hand at the center for interested parents and staff.

2. Think about the things that go home with children. Artwork? Lunch menus? Send EIC materials along.

3. Publish an article about the EIC in your newsletter.

4. Insert EIC information in staff paychecks.

5. Make EIC the featured topic at your next parent meeting or your next staff in-service training.

6. Organize a free tax-help day for parents and staff. You can find volunteers to help participants fill out tax forms by contacting the local VITA program (sponsored by the IRS), a local accounting firm, or a college or university that has an accounting program.

7. Share EIC information with other community organizations, such as the local school district, the county WIC program, or the library.

8. Think about your business partners, such as companies that provide food, classroom supplies or other items for your program. Ask them to help share information about the EIC with their other customers and their own employees.

9. Parents and staff can become "EIC Ambassadors". They can distribute EIC information in their own workplaces, at church, or at schools their older children attend.

10. Don't forget about grandparents who are raising children or about foster parents. They may be eligible for the EIC, too. Make sure they receive EIC information.

For more information on how your program can promote the EIC, contact the Center on Budget and Policy Priorities, at 202-408-1080.

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Ten Ways Your Business Can Promote The Earned Income Credit

There are many opportunities to raise awareness about the Earned Income Credit (EIC) and to help eligible working families and individuals claim this important federal tax benefit. Since most EIC benefits are spent locally, the EIC is considered an important economic development tool for low-income neighborhoods. Remember, both customers *and* employees may be eligible for the EIC.

1. Insert an EIC envelope stuffer into bills or other notices that are mailed to customers.

2. Let your employees know about the EIC. Include an EIC envelope stuffer with employee paychecks.

3. Print an EIC message on anything that "moves": grocery bags, cash register receipts, store coupons, milk containers, restaurant menus or placemats.

4. Put up EIC posters in your store, waiting room, or customer service center. Don't forget employee bulletin boards.

5. Place a public service advertisement in the local newspaper or Shoppers Guide.

6. Does your business have access to the airwaves? Make the EIC the topic of public service announcements or consumer affairs programs your company sponsors.

7. Help provide free help with tax forms in your community. Work with the IRS Taxpayer Education Coordinator to provide space for a Volunteer Income Tax Assistance (VITA) site.

8. Encourage employees (and retirees) to become VITA volunteers.

9. Do you or others in your company serve in local community leadership positions such as the town council, school board, or United Way? Raise awareness about the EIC in these forums and encourage your colleagues to get involved in promoting the EIC.

10. Join forces with — and provide help to — community-based groups engaged in EIC Outreach Campaigns.

For more information on how your business can promote the EIC, contact the Center on Budget and Policy Priorities, 202-408-1080.

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Ten Ways Job Training Programs Can Promote The Earned Income Credit

Participants in job training and preparation programs, such as public assistance recipients, disabled individuals and displaced workers, may not know about the EIC or realize they might be eligible when they become employed. The EIC can be a major wage supplement for these workers — up to $3,816 for some families — and can promote successful transition to work. Family members of job program participants may be eligible for the EIC.

1. Include information about the EIC as a standard part of your program's curriculum. Show participants how the EIC adds to their income and explain that the EIC won't count as income in determining their eligibility for food stamps, Medicaid or housing subsidies.

2. Display the EIC poster in your job training classrooms. Keep EIC fact sheets and the Schedule EIC on hand for interested participants and your staff.

3. Show participants how Advance EIC Payments can boost their take-home pay and help them retain a job by providing extra income to handle new expenses such as transportation to work or child care costs. When participants start new jobs, provide them the W-5 form they need to give their employer.

4. Pave the way with employers — many are unfamiliar with Advance EIC Payments. Provide them copies of the W-5 form and urge them to inform their employees.

5. Publish an article about the EIC in your newsletter.

6. Help participants obtain Social Security numbers (SSN's) for their children. The SSN is required to claim a child for the EIC.

7. Help provide free help with tax forms in your community. Work with the IRS Taxpayer Education Coordinator to provide space for a Volunteer Income Tax Assistance (VITA) site. Encourage staff members to become VITA volunteers.

8. At tax time, save your participants an extra trip by providing the tax forms workers will need to claim the EIC, including the Schedule EIC. Get free copies from the IRS by calling 1-800-TAX-FORM. It's OK to make photocopies.

9. Encourage the agencies who refer participants to you to also promote the EIC.

10. Join forces with other community-based groups engaged in EIC Outreach Campaigns.

For more information on how you can promote the EIC, contact the Center on Budget and Policy Priorities, 202-408-1080.

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Ten Ways Housing Groups Can Promote the Earned Income Credit

There are many opportunities to raise awareness about the Earned Income Credit and to help eligible working families and individuals claim this important tax benefit. The EIC can help workers pay for housing and meet other crucial needs. Remember, both clients of housing programs and staff may be eligible.

1. Display the EIC poster in offices of affordable housing programs, shelters for the homeless, Housing Authority offices, and in rental offices and community centers at public housing complexes or mobile home parks. Keep EIC fact sheets and the Schedule EIC on hand for interested residents and staff.

2. Insert an EIC envelope stuffer into rent bills and notices to community residents or tenants and in employee paychecks.

3. Publish an article about the EIC in your newsletter.

4. Make the EIC the featured topic at your next residents meeting or your next staff in-service training. Include information about advance EIC payments — which can help workers catch up on overdue rent or mortgage payments.

5. Inform applicants for affordable homeownership programs about the EIC — it may help them with their down payment on a home or help them qualify for a low-interest mortgage.

6. Inform new homeowners or tenants about the EIC. The EIC can help workers pay for furniture, appliances or home repairs.

7. Inform homeless persons about the EIC. They may have worked during the year or are looking for work. The EIC can help them move from a shelter to an apartment by covering the first month's rent and security deposit.

8. Help provide free help with tax forms in your community. Post the locations of Volunteer Income Tax Assistance (VITA) sites in your community or work with the IRS' Taxpayer Education Coordinator to provide space for a VITA site.

9. At tax time, save your residents an extra trip by providing the tax forms workers need to claim the EIC, including the Schedule EIC. Get free copies from the IRS by calling 1-800-TAX-FORM. It's OK to make photocopies.

10. Share EIC information with partner organizations, such as churches, community development corporation boards, banks and city officials.

For more information on how you can promote the EIC, contact the Center on Budget and Policy Priorities, 202-408-1080.

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Ten Ways Your College or University Can Promote the Earned Income Credit

There are many opportunities to raise awareness about the Earned Income Credit (EIC) and to help eligible working families and individuals claim this important federal tax benefit. Since it supplements grants and loans, the EIC can be an important tool for expanding access to education for low- and moderate-income individuals. Remember, students, their parents and campus employees may be eligible for the EIC.

1. Put up EIC posters in your financial aid office, student unions and child care facilities.

2. Insert an EIC envelope stuffer into tuition bills mailed out to students.

3. Conduct trainings on the EIC for financial aid officers.

4. Let campus employees know about the EIC. Include an envelope stuffer with employee paychecks. Encourage businesses that operate on campus to do the same with their own employees.

5. Promote awareness of the EIC advance payment option among students and other eligible employees.

6. Promote the EIC through continuing education and adult education departments.

7. Place an EIC public service announcement in the campus newspaper and campus website. Broadcast a PSA on the campus radio and/or television stations.

8. Help provide free tax filing assistance to low-income taxpayers in your community. Work with the IRS' Taxpayer Education Coordinator to provide space for a Volunteer Income Tax Assistance (VITA) site. Encourage faculty and students, especially those in accounting or business departments, to become VITA volunteers. Foreign language students can also provide translation assistance and reach out to local immigrant communities.

9. Coordinate EIC outreach with college- or university-based welfare-to-work programs.

10. Encourage student and faculty involvement in community service to join forces with community-based groups engaged in EIC Outreach Campaigns. Involve college and university volunteer centers that coordinate student volunteer efforts in the community.

For more information on how your college or university can promote the EIC, contact the Center on Budget and Policy Priorities, (202) 408-1080.

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IRS Regional Taxpayer Education Coordinators

For a list of Volunteer Income Tax Assistance (VITA) sites in your area, contact your Taxpayer Education Coordinator. The Taxpayer Education Coordinator can help you set up new VITA sites and train VITA volunteers. Note: Due to reorganization at the IRS, some offices have changed and now cover more than one state. If your state is not listed in bold type, the District Office for your region is the state listed in bold type above your state's name. This office can connect you to IRS staff, VITA trainings or VITA site supervisors in your state. *Please let us know if you are unable to make contact.*

Mid-States region	(972) 308-1707
St. Louis, Missouri	**(314) 539-3660**
Kansas	**(314) 539-3660**
Chicago, IL	**(312) 886-5544**
Springfield, IL	(217) 527-6366
St. Paul, MN	**(651) 312-7631**
Aberdeen, SD	(605) 226-7269
North Dakota	**(651) 312-7631**
Dallas, TX	**(214) 767-1428**
Milwaukee, WI	**(414) 297-3302**
Iowa	**(414) 297-3302**
Nebraska	**(414) 297-3302**
Houston, TX	**(281) 721-7070**
Austin, TX	**(512) 499-5723**
Oklahoma City, OK	**(405) 297-4125**
Little Rock, AR	**(405) 297-4125**
Northeast region	(212) 298-2140
Buffalo-Albany, NY	**(716) 686-4777**
Brooklyn, NY	**(718) 488-3655**
Manhattan, NY	**(212) 436-1021**
Boston, MA	**(617) 565-4325**
Maine	(617) 565-4325
Vermont	(617) 565-4325
New Hampshire	(617) 565-4325
Cincinnati, OH	**(513) 684-2828**
Cleveland, OH	(216) 522-3414
Detroit, MI	**(313) 628-3950**
Hartford, CT	**(860) 756-4655**
Rhode Island	**(860) 756-4655**
Newark, NJ	**(973) 645-6690**
Philadelphia, PA	**(215) 861-1567**
Pittsburgh, PA	(412) 395-6504
Southeast region	(404) 338-7010
Atlanta, GA	**(404) 338-8670**
Greensboro, NC	**(336) 378-2193**
South Carolina	**(336) 378-2193**
New Orleans, LA	**(504) 558-3006**
Alabama	**(504) 558-3007**
Mississippi	**(504) 558-3007**
Nashville, TN	**(615) 250-5671**
Kentucky	**(615) 250-5671**
Indianapolis, IN	**(317) 226-6034**
Baltimore, MD	**(410) 962-2222/0799**
Delaware	**(410) 962-2222/0799**
Jacksonville, FL	**(904) 665-0520**
Ft. Lauderdale, FL	**(954) 423-7636**
Richmond, VA	**(804) 771-2289**
West Virginia	**(804) 771-2289**
Western region	(415) 575-7143
San Jose, CA	**(408) 817-6840**
Laguna Niguel, CA	**(949) 360-2094**
Los Angeles, CA	**(213) 576-4180**
Oakland/SF, CA	**(510) 637-2473**
Sacramento, CA	(916) 974-5088
Seattle, WA	**(206) 220-5776**
Anchorage, AK	(907) 271-6458
Honolulu, HI	(808) 539-2053
Portland, OR	(503) 326-7256
Denver, CO	**(303) 446-1659**
Idaho	(208) 334-9153
Montana	(406) 441-1044 x232
Utah	(801) 799-6874
Wyoming	(307) 633-0803
Phoenix, AZ	**(602) 207-8711**
Las Vegas, NV	(702) 455-1029
Albuquerque, NM	(505) 837-5515
International	**(202) 874-1534**
Puerto Rico	(787) 759-4527

Note: These numbers should not be given to individual workers to call for individual tax help. These offices can't do that — they organize the VITA program. Call 1-800-829-1040 for tax help.

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820 First Street, NE
Suite 510
Washington, DC 20002
202.408.1080
202.408.1056 fax

CENTER ON BUDGET AND POLICY PRIORITIES

New Definition of Foster Child for Earned Income Credit in 2000

Change in Qualifying Child Rules Doesn't Affect EIC Claims for 1999

In November 1999, Congress passed legislation which changes the definition of a foster child for purposes of determining a qualifying child for the Earned Income Credit. The change goes into effect beginning in the year 2000, and *does not apply to EIC claims for 1999. The change does apply to eligibility for advance EIC payments as of January 2000.*

Currently, qualifying children for the EIC are defined as:

- sons, daughters, grandchildren, stepchildren or adopted children as long as they lived with the worker in his or her own home for more than half of the year, or
- "foster children," which include any child the worker cared for the same as his or her own child and who lived in the same home with the worker the entire tax year (the calendar year for which a tax return is subsequently filed), and
- qualifying children must be under age 19 at the end of the tax year, or under age 24 if a full-time student; however, totally and permanently disabled individuals of any age are also considered as qualifying children.

The current definition allows a child to be claimed for the EIC even if the child is not related to the worker and it does not require a formal foster care placement. Also, under the present definition, unrelated adult individuals who are permanently and totally disabled may be claimed as a qualifying child for the EIC by a worker with whom they live the entire year.

The new definition of foster children for the EIC in 2000 now specifically includes and is limited to:

- a brother, sister, stepbrother, or stepsister — as well as descendants of such relatives (such as a child or adopted child), or
- a child placed with the worker by an authorized placement agency, and
- such children must live with the worker the entire tax year (the calendar year for which a tax return is subsequently filed) and meet the age requirements noted above in the current definition of qualifying children.

For example, nieces, nephews, grandnieces and grandnephews may be qualifying children for the EIC, but cousins cannot be claimed. A worker who cares for the child of a friend (such as a friend who is unable to raise the child him or herself) may not claim the child for the EIC unless the child was formally placed with the worker by an authorized placement agency, such as a state agency or a child placement agency licensed by the state.

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Tel: 202-408-1080 Fax: 202-408-1056 center@center.cbpp.org http://www.cbpp.org HN0026

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service

Earned Income Credit

Qualifying Child Information

Complete and attach to Form 1040A or 1040 only if you have a qualifying child.

OMB No. 1545-0074

1999

Attachment Sequence No. **43**

Name(s) shown on return

Your social security number

Before you begin: See the instructions for Form 1040A, lines 37a and 37b, or Form 1040, lines 59a and 59b, to make sure that (1) you can take the EIC and (2) you have a qualifying child.

CAUTION

- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
- If you do not enter the child's correct social security number on line 4, at the time we process your return, we may reduce or disallow your EIC.

Qualifying Child Information	**Child 1**	**Child 2**
1 Child's name If you have more than two qualifying children, you only have to list two to get the maximum credit.	First name Last name	First name Last name
2 Child's year of birth	Year ____ ____ ____ ____ *If born after 1980, skip lines 3a and 3b; go to line 4.*	Year ____ ____ ____ ____ *If born after 1980, skip lines 3a and 3b; go to line 4.*
3 If the child was born before 1981—		
a Was the child under age 24 at the end of 1999 and a student?	☐ **Yes.** *Go to line 4.* ☐ **No.** *Continue*	☐ **Yes.** *Go to line 4.* ☐ **No.** *Continue*
b Was the child permanently and totally disabled during any part of 1999?	☐ **Yes.** *Continue* ☐ **No.** The child is not a qualifying child.	☐ **Yes.** *Continue* ☐ **No.** The child is not a qualifying child.
4 Child's social security number (SSN) The child must have an SSN as defined on page 42 of the Form 1040A instructions or page 41 of the Form 1040 instructions unless the child was born and died in 1999. If your child was born and died in 1999 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.		
5 Child's relationship to you (for example, son, daughter, grandchild, foster child, etc.)		
6 Number of months child lived with you in the United States during 1999 • If the child lived with you for more than half of 1999 but less than 7 months, enter "7". • If the child was born or died in 1999 and your home was the child's home for the entire time he or she was alive during 1999, enter "12".	_____ months *Do not enter more than 12 months.*	_____ months *Do not enter more than 12 months.*

Do you want part of the EIC added to your take-home pay in 2000? To see if you qualify, get Form W-5 from your employer or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

Purpose of Schedule

The purpose of this schedule is to give the IRS information about your qualifying child after you have figured your earned income credit.

To figure the amount of your credit, or to have the IRS figure it for you, see the instructions for Form 1040A, lines 37a and 37b, or Form 1040, lines 59a and 59b.

Taking the EIC When Not Eligible. If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Qualifying Child

A qualifying child is a child who is your . . .

Son	Grandchild
Daughter	Stepchild
Adopted child	Foster child*

* A foster child is any child you cared for as your own child.

AND

was at the end of 1999 . . .

Under age 19
OR
Under age 24 and a student
OR
Any age and permanently and totally disabled

AND

who . . .

Lived with you in the United States for more than half of 1999 or, if a foster child, for all of 1999.
If the child did not live with you for the required time, see Exception to "Time Lived With You" Condition on page 42 of the Form 1040A instructions or page 41 of the Form 1040 instructions.

Note. If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 42 of the Form 1040A instructions or page 41 of the Form 1040 instructions.

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★ *The front and back of this sheet are from the Form 1040A instruction book. Use them to help determine if you are eligible for the EIC. Use the worksheets in the instruction book to calculate the amount of your credit. You can also use Form 1040, but refer to pages 38 and 39 of the 1040 instruction book.*

Lines 37a and 37b— Earned Income Credit (EIC)

What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you OR let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

You Will Need:

CAUTION If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Step 1 All Filers

1. Is the amount on Form 1040A, line 19, less than $30,580 (or $10,200 if a child did not live with you in 1999)?

   ☐ **Yes.** *Continue* ➘ ☐ **No.** STOP You cannot take the credit.

2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work (see page 42)?

   ☐ **Yes.** *Continue* ➘ ☐ **No.** STOP You cannot take the credit. *Put "No" directly to the right of line 37a.*

3. Is your filing status married filing separately?

   ☐ **Yes.** STOP You cannot take the credit. ☐ **No.** *Continue* ➘

4. Were you a nonresident alien for any part of 1999?

   ☐ **Yes.** *See Nonresident Aliens on page 42.* ☐ **No.** *Go to Step 2.*

Step 2 Investment Income

1. Add the amounts from Form 1040A:

   Line 8a _____
   Line 8b + _____
   Line 9 + _____
   Investment Income = [ ]

2. Is your investment income more than $2,350?

   ☐ **Yes.** STOP You cannot take the credit. ☐ **No.** *Go to Step 3.*

Step 3 Who Must Use Pub. 596

Some people must use Pub. 596, Earned Income Credit, to see if they can take the credit and how to figure it. To see if you must use Pub. 596, answer the following questions.

1. Did you, or your spouse if filing a joint return, receive a distribution from a pension, annuity, or IRA that is not fully taxable?

   ☐ **No.** *Continue* ➘ ☐ **Yes.** STOP You must use Pub. 596 to see if you can take the credit and how to figure it. To get Pub. 596, see page 7.

2. Does the amount on Form 1040A, line 34, include the alternative minimum tax?

   ☐ **No.** *Continue* ➘ ☐ **Yes.** STOP You must use Pub. 596 to see if you can take the credit and how to figure it. To get Pub. 596, see page 7.

3. Did a child live with you in 1999?

   ☐ **Yes.** *Go to Step 4 on page 40.* ☐ **No.** *Go to Step 5 on page 40.*

Need more information or forms? See page 7.

Continued from page 39

Step 7 Nontaxable and Taxable Earned Income

1. Add all your nontaxable earned income, including your spouse's if filing a joint return. This includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Types of nontaxable earned income are listed below.

- Salary deferrals, such as a 401(k) plan or the Federal Thrift Savings Plan, shown in box 13 of your W-2 form. See page 41.
- Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form. See page 41.
- Mandatory contributions to a state or local retirement plan.
- Military employee basic housing, subsistence, and combat zone compensation. These amounts are shown in box 13 of your W-2 form with code Q.
- Meals and lodging provided for the convenience of your employer.
- Housing allowances or rental value of a parsonage for clergy members. If filing Schedule SE, see Clergy on this page.
- Excludable dependent care benefits from Form 2441, line 18, employer-provided adoption benefits from Form 8839, line 30, and educational assistance benefits (these benefits may be shown in box 14 of your W-2 form).
- Certain amounts received by Native Americans. See Pub. 596.

Note. Nontaxable earned income does not include welfare benefits or workfare payments (see page 41), or qualified foster care payments.

Nontaxable Earned Income = Box B _____

Enter the amount and type of your nontaxable earned income on Form 1040, line 59b.

2. Figure taxable earned income:

Form 1040, line 7 _____

Subtract:

- Any taxable scholarship or fellowship grant not reported on a W-2 form
- Any amount paid to an inmate in a penal institution for work (put "PRI" and the amount subtracted on the dotted line next to line 7 of Form 1040)

– _____

Taxable Earned Income = Box C _____

3. Were you self-employed or are you filing Schedule C or C-EZ as a statutory employee?

☐ **Yes.** *Skip Steps 8 and 9; go to Worksheet B on page 43.* ☐ **No.** *Go to Step 8.*

Step 8 Total Earned Income

1. Nontaxable Earned Income (Step 7, Box B) _____

Taxable Earned Income (Step 7, Box C) + _____

Total Earned Income = Box D _____

2. If you have:

- 2 or more qualifying children, is Box D less than $30,580?
- 1 qualifying child, is Box D less than $26,928?
- No qualifying children, is Box D less than $10,200?

☐ **Yes.** *Go to Step 9.* ☐ **No.** STOP You cannot take the credit. *Put "No" directly to the right of line 59a.*

Step 9 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

☐ **Yes.** *See Credit Figured by the IRS below.* ☐ **No.** *Go to Worksheet A on page 42.*

Definitions and Special Rules

(listed in alphabetical order)

Adopted Child. Any child placed with you by an authorized placement agency for legal adoption. The adoption does not have to be final.

Clergy. If you are filing Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

1. Put "Clergy" directly to the right of line 59a of Form 1040.
2. Do not include any housing allowance or rental value of the parsonage as nontaxable earned income in Box B if it is required to be included on Schedule SE, line 2.
3. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
4. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 7, line 2.
5. Be sure to answer "Yes" on line 3 of Step 7.

Credit Figured by the IRS. To have the IRS figure the credit for you:

1. Put "EIC" directly to the right of line 59a of Form 1040.
2. Be sure you entered the amount and the type of any nontaxable earned income (Step 7, Box B, on this page) on Form 1040, line 59b.
3. If you have a qualifying child, complete and attach Schedule EIC. If your 1997 or 1998 EIC was reduced or disallowed, see Form 8862, Who Must File, on page 41.

(Continued on page 41)

2000 Form W-5

Department of the Treasury
Internal Revenue Service

Instructions

A Change To Note

Beginning in 2000, new rules apply to determine who is a foster child for purposes of the earned income credit (EIC). See page 3 for details.

Purpose

Use Form W-5 if you are eligible to get part of the EIC in advance with your pay and choose to do so. See **Who Is Eligible To Get Advance EIC Payments?** below. The amount you can get in advance generally depends on your wages. If you are married, the amount of your advance EIC payments also depends on whether your spouse has filed a Form W-5 with his or her employer. However, your employer cannot give you more than $1,412 throughout 2000 with your pay. You will get the rest of any EIC you are entitled to when you file your tax return and claim the EIC.

If you do not choose to get advance payments, you can still claim the EIC on your 2000 tax return.

What Is the EIC?

The EIC is a credit for certain workers. It reduces the tax you owe. It may give you a refund even if you do not owe any tax.

Who Is Eligible To Get Advance EIC Payments?

You are eligible to get advance EIC payments if **all three** of the following apply.

1. You expect to have at least one qualifying child. If you do not expect to have a qualifying child, you may still be eligible for the EIC, but you **cannot** receive advance EIC payments. See **Who Is a Qualifying Child?** on page 2.

2. You expect that your 2000 earned income and modified AGI (adjusted gross income) will each be less than $27,413. Include your spouse's income if you plan to file a joint return. As used on this form, **earned income** does not include amounts inmates in penal institutions are paid for their work or workfare payments (defined on this page). For most people, **modified AGI** is the total of adjusted gross income plus any tax-exempt interest. But see the 1999 revision of **Pub. 596,** Earned Income Credit, for information about how to figure your 2000 modified AGI if you expect to receive nontaxable payments from a pension, annuity, or an IRA; or you plan to file a 2000 Form 1040.

3. You expect to be able to claim the EIC for 2000. To find out if you may be able to claim the EIC, answer the questions on page 2.

Workfare payments. These are cash payments certain people receive from a state or local agency that administers public assistance programs funded under the Federal Temporary Assistance for Needy Families (TANF) program in return for certain work activities such as **(1)** work experience activities (including work associated with remodeling or repairing publicly assisted housing) if sufficient private sector employment is not available, or **(2)** community service program activities.

How To Get Advance EIC Payments

If you are eligible to get advance EIC payments, fill in the 2000 Form W-5 at the bottom of this page. Then, detach it and give it to your employer. If you get advance payments, you **must** file a 2000 Federal income tax return.

You may have only **one** Form W-5 in effect at one time. If you and your spouse are both employed, you should file separate Forms W-5.

(Continued on page 2)

Give the lower part to your employer; keep the top part for your records.

Detach here

Form **W-5**

Department of the Treasury
Internal Revenue Service

Earned Income Credit Advance Payment Certificate

- ▶ **Use the current year's certificate only.**
- ▶ **Give this certificate to your employer.**
- ▶ **This certificate expires on December 31, 2000.**

OMB No. 1545-1342

2000

Print or type your full name

Your social security number

Note: *If you get advance payments of the earned income credit for 2000, you **must** file a 2000 Federal income tax return. To get advance payments, you **must** have a qualifying child and your filing status must be any status **except** married filing a separate return.*

		Yes	No
1	I expect to be able to claim the earned income credit for 2000, I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments		
2	Do you expect to have a qualifying child?		
3	Are you married?		
4	If you are married, does your spouse have a Form W-5 in effect for 2000 with any employer?		

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

Signature ▶ **Date ▶**

Cat. No. 10227P

Questions To See if You May Be Able To Claim the EIC for 2000

CAUTION You **cannot** claim the EIC if you plan to file either **Form 2555** or **Form 2555-EZ** (relating to foreign earned income) for 2000. You also **cannot** claim the EIC if you are a nonresident alien for any part of 2000 unless you are married to a U.S. citizen or resident and elect to be taxed as a resident alien for all of 2000.

1 Do you expect to have a qualifying child? Read **Who Is a Qualifying Child?** that starts below before you answer this question. If the child is married, be sure you also read **Married child** on page 3.

- ☐ **No.** STOP You may be able to claim the EIC but you **cannot** get advance EIC payments.
- ☐ **Yes.** *Continue.*

CAUTION If the child meets the conditions to be a qualifying child for both you and another person, you can treat the child as your qualifying child only if you expect your 2000 modified AGI to be **higher** than the other person's modified AGI. If the other person is your spouse and you expect to file a joint return for 2000, this rule does not apply.

2 Do you expect your 2000 filing status to be married filing a separate return?

- ☐ **Yes.** STOP You **cannot** claim the EIC.
- ☐ **No.** *Continue.*

TIP If you expect to file a joint return for 2000, include your spouse's income when answering questions 3 and 4.

3 Do you expect that your 2000 earned income and modified AGI (see page 1) will each be less than: $27,413 if you expect to have 1 qualifying child; $31,152 if you expect to have 2 or more qualifying children?

- ☐ **No.** STOP You **cannot** claim the EIC.
- ☐ **Yes.** *Continue.* But remember, you **cannot** get advance EIC payments if you expect your 2000 earned income or modified AGI will be $27,413 or more.

4 Do you expect that your 2000 investment income will be more than $2,400? For most people, investment income is the total of their taxable interest and dividends and tax-exempt interest. However, if you plan to file a 2000 Form 1040, see the 1999 Form 1040 instructions to figure your investment income.

- ☐ **Yes.** STOP You **cannot** claim the EIC.
- ☐ **No.** *Continue.*

5 Do you expect that you, or your spouse if filing a joint return, will be a qualifying child of another person for 2000?

- ☐ **No.** You may be able to claim the EIC.
- ☐ **Yes.** You **cannot** claim the EIC.

This Form W-5 expires on December 31, 2000. If you are eligible to get advance EIC payments for 2001, you must file a new Form W-5 next year.

TIP You may be able to get a larger credit when you file your 2000 return. For details, see **Additional Credit** on page 3.

Who Is a Qualifying Child?

Any child who meets **all three** of the following conditions is a **qualifying child.**

1. The child is your son, daughter, adopted child, grandchild, stepchild, or foster child.

Note: *An **adopted child** includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. A **grandchild** is any descendant of your son, daughter, or adopted child. A **foster child** is any child you cared for as your own child **and** who is **(1)** your brother, sister, stepbrother, stepsister, **(2)** a descendant (such as a child including an adopted child) of your brother, sister, stepbrother, or stepsister, **or (3)** a child placed with you by an authorized placement agency.*

2. The child is under age 19 at the end of 2000, or under age 24 at the end of 2000 and a full-time student, or any age at the end of 2000 and permanently and totally disabled.

3. The child lives with you in the United States for over half of 2000 or, if a foster child, for all of 2000. If the child does not live with you for the required time because the child was born or died in 2000, the child is considered to have lived with you for all of 2000 if your home was the child's home for the entire time he or she was alive in 2000.

Note: *Temporary absences such as for school, medical care, or vacation count as time lived at home. Members of the military on extended active duty outside the United States are considered to be living in the United States.*

Married child. If the child is married at the end of 2000, that child is a qualifying child only if you may claim him or her as your dependent, **or** the following **Exception** applies to you.

Exception. You are the custodial parent and would be able to claim the child as your dependent, but the noncustodial parent claims the child as a dependent because—

1. You signed **Form 8332,** Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child for 2000, **or**

2. You have a pre-1985 divorce decree or separation agreement that allows the noncustodial parent to claim the child and he or she gives at least $600 for the child's support in 2000.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only the person with the **highest** modified AGI for 2000 may treat that child as a qualifying child. If the other person is your spouse and you plan to file a joint return for 2000, this rule does not apply.

Reminder. A qualifying child must have a social security number unless he or she was born and died in 2000.

What if My Situation Changes?

If your situation changes after you give Form W-5 to your employer, you will probably need to file a new Form W-5. For example, you must file a new Form W-5 if any of the following applies for 2000.

- You no longer expect to have a qualifying child. Check **"No"** on line 2 of your new Form W-5.
- You no longer expect to be able to claim the EIC for 2000. Check **"No"** on line 1 of your new Form W-5.
- You no longer want advance payments. Check **"No"** on line 1 of your new Form W-5.
- Your spouse files Form W-5 with his or her employer. Check **"Yes"** on line 4 of your new Form W-5.

Note: *If you get the EIC with your pay and find you are not eligible, you must pay it back when you file your 2000 Federal income tax return.*

Additional Information

How To Claim the EIC

If you are eligible, claim the EIC on your 2000 tax return. See your 2000 tax return instruction booklet.

Additional Credit

You may be able to claim a larger credit when you file your 2000 tax return because your employer cannot give you more than $1,412 of the EIC throughout the year with your pay. You may also be able to claim a larger credit if you have more than one qualifying child. But you must file your 2000 tax return to claim any additional credit.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3507 and 6109 and their regulations require you to provide the information requested on Form W-5 and to give it to your employer if you want advance payment of the EIC. As provided by law, we may give the information to the Department of Justice and other Federal agencies. In addition, we may give it to cities, states, and the District of Columbia so they may carry out their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping,** 7 min.; **Learning about the law or the form,** 11 min.; and **Preparing the form,** 27 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, give it to your employer.

start healthy
stay healthy

A project of the
CENTER ON BUDGET AND
POLICY PRIORITIES

Second Edition Coming Soon!

A Child Health Insurance Outreach Kit

Free and Low-Cost Health Insurance: Children You Know are Missing Out

The *Start Healthy, Stay Healthy* campaign is a national outreach effort conducted by the Center on Budget and Policy Priorities, a private, nonprofit research and policy organization based in Washington, D.C. Since 1994, the campaign has been enlisting a wide array of community-based organizations, health and human services providers, advocacy groups, program administrators and others to identify children from low-income working families who may be eligible for free or low-cost health insurance programs. The campaign also promotes coordination between newly enacted state child health insurance programs and Medicaid to ensure that children are not in danger of being left without coverage.

A second edition of the child health insurance outreach kit will be available soon. Each kit contains posters and flyers in English and Spanish, an innovative tool to help you screen children for health insurance eligibility and a comprehensive Outreach Handbook.

To order, simply fill out this form and mail or fax it to us.

Name _____

Organization _____

Address _____

_____

Phone _____ **Fax** _____ **E-mail** _____

Number of Kits _____

To find out about ordering large quantities of kits or posters, or to learn more about the *Start Healthy, Stay Healthy Campaign* contact the **Center on Budget and Policy Priorities, 820 First Street, N.E., Suite 510, Washington, DC, 20002, 202-408-1080, 202-408-1056 (fax), shsh@cbpp.org.**

820 FIRST STREET, NE, SUITE 510, WASHINGTON, DC 20002
TEL (202)408-1080 • FAX (202)408-1056 • center@center.cbpp.org • http://www.cbpp.org • HN0026

Give Your Paycheck a Boost!

For information about how you can get the Earned Income Credit and free help filing your taxes, call the IRS at 1-800-829-1040.

***Avoid refund delays!** Be sure to provide the correct name and Social Security number for each person listed on your tax return.*

Claim Your Earned Income Credit

Get more from your regular paycheck! The Earned Income Credit (EIC) is a special tax benefit for people who work full- or part-time. If you qualify, you'll owe less in taxes, and you may get cash back. Even if you don't owe income tax you can get the credit. But, you must file a federal tax return.

Who can get the Earned Income Credit?

- Single or married workers who were raising children in their homes and who earned less than $30,580 in 1999 can receive an EIC up to $3,816 (or less than $26,928 if they were raising only one child). File form 1040 or 1040A, and attach Schedule EIC.
- Single or married workers at least age 25 and under age 65, who were not raising children in their homes, and who earned less than $10,200 in 1999. File any tax form.

The EIC Advance Payment option allows some workers who are raising children to get part of their EIC in their paychecks throughout the year and part in a check from the IRS after they file their tax return. Your EIC can help pay household bills and the cost of getting to work. A worker can get up to *$50 extra in each bi-weekly paycheck.*

To get EIC Advance Payments, eligible workers give a Form W-5 to their employer. You can get the W-5 from your employer, or by calling the IRS at 1-800-TAX-FORM. Workers whose income or family circumstances change can become ineligible. They should stop taking EIC Advance Payments by providing their employer a new W-5 form marked "no".

THE EARNED INCOME EIC2000 CREDIT CAMPAIGN

¡Aumente Su Sueldo!

Para recibir información sobre cómo recibir el Crédito por Ingreso de Trabajo y ayuda gratuita para declarar sus impuestos, llame al IRS al 1-800-829-1040.

***¡Evite la demora de su devolución!** Esté seguro de dar correctamente el nombre y número de Seguro Social de cada persona que se encuentra registrado en su formulario de impuestos.*

Exija su Crédito por Ingreso de Trabajo

¡Obtenga más de su salario regular! El Crédito por Ingreso de Trabajo es un beneficio fiscal especial para gente que trabaja a tiempo completo o a tiempo parcial. Si usted califica, reducirán sus impuestos, y podría recibir dinero de vuelta. Incluso si usted no debe impuestos, puede obtener el Crédito EIC. Pero tiene que presentar una declaración de impuestos.

¿Quién puede recibir el Crédito por Ingreso de Trabajo?

- Trabajadores solteros o casados que criaron a niños en su hogar, y que ganaron menos de $30,580 en 1999 (o menos de $26,928 si criaron a sólo un niño). Presente el Formulario 1040 o el 1040A e incluya el formulario llamado "Schedule EIC".

- Trabajadores solteros o casados que tenían entre 25 y 64 años de edad, que no criaron a niños en su hogar, y que ganaron menos de $10,200 en 1999. Presente cualquier formulario de impuestos.

El Crédito Adelantado por Ingreso de Trabajo permite a aquellos trabajadores que son responsables por la crianza de sus hijos que obtengan parte de su EIC en cada quincena que perciba a través del año. La otra parte la recibirá en un cheque del IRS después que haya llenado y presentado el formulario anual de devolución de impuestos. Este crédito puede ayudarles a pagar sus gastos domesticos y los gastos de transporte a su trabajo. Un trabajador que califique puede recibir hasta 50 dolares ($50) de más en cada quincena.

Para recibir el Crédito Adelantado por Ingreso de Trabajo, los trabajadores que califiquen deben presentar el Formulario W-5. Usted puede pedirle ese formulario a su patrono o lo puede conseguir llamando a la oficina del IRS al teléfono 1-800-829-3676. Si en cualquier momento durante el año sus circunstancias familiares cambian usted puede ser considerado no elegible. Por lo tanto cuando esto ocurra es muy importante que llene un nuevo Formulario W-5 marcado "no" y debe entregarselo a su patrono para que se le dejen de pagar los pagos por adelantado.

La Campaña de Crédito EIC2000 Por Ingreso de Trabajo

Give Your Paycheck a Boost!

Claim Your Earned Income Credit

THE EARNED INCOME EIC2000 CREDIT CAMPAIGN

A Tax Benefit for People Who Work

OR + Yearly Income less than **$26,928** + • File Form 1040 or 1040A • Attach Schedule EIC = up to **$2,312**

If you lived with one child in 1999 and your family earned less than $26,928, you can get up to $2,312.

OR + Yearly Income less than **$30,580** + • File Form 1040 or 1040A • Attach Schedule EIC = up to **$3,816**

If you lived with two or more children in 1999 and your family earned less than $30,580, you can get up to $3,816.

OR + Yearly Income less than **$10,200** + • File Form 1040 or 1040A or 1040EZ = up to **$347**

If you had no children living with you in 1999 and you earned less than $10,200, AND you were between ages 25 and 64, you can get up to $347.

The IRS is Going to Give Me Money?

Yes!! The Earned Income Credit (EIC) is a special tax benefit only for people who work full- or part-time. If you qualify, you'll owe less in taxes and you may get cash back. Even if you don't owe income tax you can get the EIC. But, you must file a tax return. Even workers who aren't raising children can get the EIC!

Get the Earned Income Credit By Filing a Federal Tax Return

If you were raising children in your home in 1999: File Form 1040 or 1040A, not Form 1040EZ. Be sure to attach Schedule EIC.

Boost your take-home pay! You may be able to get part of next year's EIC in advance in your paycheck. Ask about **Advance EIC**. Get Form W-5 from your employer, or call 1-800-TAX-FORM.

If you were not raising children in your home in 1999: File Form 1040, 1040A or 1040EZ. You don't need to file Schedule EIC.

Avoid Refund Delays

Be sure to provide the correct name and Social Security number for each person listed on your tax return.

Questions & Answers About the Earned Income Credit

What if I don't know how to file a tax return?

Get Free Help!!! VITA, a program of the IRS, helps people fill out their tax forms for free. VITA sites are open from late January through April 15. Many VITA sites have electronic filing for faster refunds. To find the VITA site near you, call 1-800-829-1040. Be patient – the line is often busy.

What if I haven't filed a tax return in a long while?

You can still get the EIC. If you were eligible you can claim the EIC for three years back. Call the IRS to find out how. If you owe back taxes, the EIC may lower your tax bill. You may also be able to work out a payment agreement.

What if I'm not a U.S. citizen?

Many legal immigrants who are employed are eligible for the EIC, including *green card* holders, refugees, and others legally authorized to work. Getting the credit will not hurt your immigration status.

I work and get public assistance benefits. If I get the EIC, will I lose my other benefits?

The EIC does not affect benefits like Food Stamps, SSI, Medicaid, or public housing. In most cases, the EIC does not affect cash assistance ("welfare") eligibility, but these rules are set by each state.

¡Aumente Su Sueldo!

Reclame Su Crédito por Ingreso de Trabajo

La Campaña de Crédito EIC2000 Por Ingreso de Trabajo

Un Beneficio Fiscal para Gente que Trabaja

OR

+ Ingresos Anuales menos de **$26,928** + • Llene el Formulario del IRS 1040 o 1040A • Adjunte el Formulario "Schedule EIC" = hasta **$2,312**

Si usted vivió con un niño en 1999 y su familia ganó menos de $26,928, usted puede recibir hasta $2,312.

OR

+ Ingresos Anuales menos de **$30,580** + • Llene el Formulario del IRS 1040 o 1040A • Adjunte el Formulario "Schedule EIC" = hasta **$3,816**

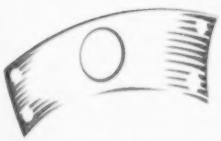
Si usted vivió con dos o más niños en 1999 y su familia ganó menos de $30,580, usted puede recibir hasta $3,816.

OR

+ Ingresos Anuales menos de **$10,200** + • Llene el Formulario del IRS 1040 o 1040A o 1040EZ = hasta **$347**

Si con usted no vivió ningún niño en 1999 y ganó menos de $10,200, Y si usted tenía entre 25 y 64 años, puede recibir hasta $347.

¿El IRS ("Internal Revenue Service" o Servicio de Recaudación de Impuesto) Me Va a Dar Dinero a Mi?



¡¡Si!! El Crédito por Ingreso de Trabajo (EIC or "Earned Income Credit") es un beneficio fiscal especial sólo para gente que trabaja a tiempo completo o a tiempo parcial. Si usted califica, reducirán sus impuestos y podría recibir dinero de vuelta. Incluso si no debe impuestos puede recibir el EIC. Pero tiene que presentar un formulario de devolución de impuestos. ¡Incluso los trabajadores que no están criando a niños pueden recibir el EIC!

Reciba el Crédito por Ingreso de Trabajo al Presentar un Formulario de Devolución de Impuestos Federales

Si usted crió a niños en su hogar en 1999: Llene el Formulario 1040 o 1040A, no el Formulario 1040 EZ. Asegúrese de incluir el Formulario "Schedule EIC".

¡Aumente su salario! Es posible obtener pagos adelantados EIC del proximo año en su salario actual. Pregunte acerca del **Crédito Adelantado por Ingreso de Trabajo**. Obtenga el Formulario W-5 de su patrono o llame al teléfono 1-800-829-3676.

Si usted no crió a niños en su hogar en 1999: Llene el Formulario 1040, 1040A o el 1040EZ. No tiene que llenar el Formulario "Schedule EIC."

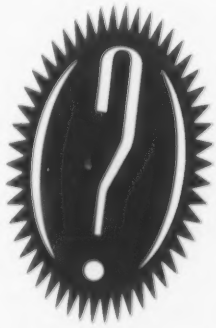
¡Evite la Demora de su Devolución!

Esté seguro de dar correctamente el nombre y número de Seguro Social de cada persona que se encuentra registrado en su formulario de impuestos.

Preguntas y Respuestas Sobre el Crédito por Ingreso de Trabajo (o Crédito EIC)

¿Qué hago si no sé como llenar un formulario de devolución de impuestos?

¡¡¡Ayuda Gratuita!!! VITA es un programa del IRS para ayudar a aquellos interesados para llenar sus formularios gratuitamente. Las oficinas de VITA estan abiertas desde finales de enero hasta el 15 de abril. Numerosas oficinas de VITA tienen sistemas electronicos para llenar los formularios y asi obtener la devolución de impuestos más rapidamente. Para enterarse de la localización de la oficina de VITA mas cercana a usted lame al teléfono 1-800-829-1040. Tenga paciencia, pues el número está ocupado a menudo.



¿Qué ocurre si no he presentado un formulario de devolución de impuestos en mucho tiempo?

Aún así puede recibir el EIC. Si usted calificaba, puede reclamar el EIC por los últimos tres años. Llame al IRS para enterarse de cómo hacerlo. Si debe impuestos retrasados, el EIC puede reducir la cantidad debida. Tambien es posible que pueda arreglar un acuerdo de pago.

¿Qué ocurre si no soy un ciudadano de los Estados Unidos?

Muchos inmigrantes documentados que están empleados califican para el EIC, incluyendo a quienes tengan la tarjeta verde, refugiados y otras personas autorizadas legalmente a trabajar. Recibir el crédito no afectará a su estado inmigratorio.

Yo trabajo y recibo beneficios de asistencia pública. Si recibo el EIC, ¿perderé mis otros beneficios?

El EIC no afecta el acceso a beneficios como los cupones de alimentos, SSI, Medicaid, o vivienda pública. En la mayoria de los casos, el EIC no afecta el acceso al programa de beneficio social ("welfare"), pero los reglamentos son establecidos por cada estado.

Earned Income Credit Envelope Stuffer

This English–Spanish envelope stuffer can be copied and mailed with paychecks, public assistance checks, bills, and other mailings. Local phone and utility companies, for example, might send copies with their December, 1999 or early 2000 bills to customers. For more ideas on using the envelope stuffers, see the Strategy Guide in the EIC campaign kit.

EIC2000

Give Your Paycheck a Boost! Claim Your Earned Income Credit

You could be eligible!

Did you work in 1999? You may be eligible for the Earned Income Credit. If so, you'll owe less in taxes and you could get cash back. Even if you don't own income tax, you can get the EIC!

- Were you raising one child in your home in 1999? Did your family earn less than $26,928? You can get up to $2,312.
- Were you raising more than one child in your home in 1999? Did your family earn less than $30,580? You can get up to $3,816.
- If you weren't raising a child, did you earn less than $10,200 in 1999? Were you between the ages 25 and 64? You can get up to $347.

Here's how you get it:

- If you were raising children in 1999, file federal tax return Forms 1040 or 1040A , not Form 1040EZ. Be sure to attach Schedule EIC.
- If you weren't raising children in 1999, just file any federal tax return.

Boost your take-home pay! Eligible workers with children can get Advance EIC in their paycheck. Get Form W-5 from your employer, or call 1-800-TAX-FORM.

Want more information? Want to find out how you can get your tax forms filled out for free? Call the IRS toll-free at 1-800-829-1040.

A Tax Benefit for People Who Work

EIC2000

¡Aumente su Sueldo! Reclame Su Crédito por Ingreso de Trabajo

Usted Puede Calificar!

¿Trabajó en 1999? Usted puede calificar para recibir el Crédito por Ingreso de Trabajo ("Earned Income Credit" o EIC). Si es así, reducirán sus impuestos y podría recibir dinero de vuelta. Incluso si no debe impuestos, usted puede recibir el EIC!

- ¿Crió a un niño en su hogar en 1999? ¿Ganó su familia menos de $26,928? Usted puede recibir hasta $2,312.
- ¿Crió usted a más de un niño en su hogar en 1999? ¿Ganó su familia menos de $30,580? Usted puede recibir hasta $3,816.
- Si usted no crió a un niño, ¿Ganó menos de $10,200 en 1999? ¿Tenía usted entre 25 y 64 años de edad? Usted puede recibir hasta $347.

Un Beneficio Fiscal para Gente que Trabaja

Esta es la manera de recibir el dinero:

- Si usted crió a niños en su hogar en 1999, presente el Formulario de devolución de impuestos 1040 o 1040A, no el Formulario 1040EZ. Asegúrese de incluir el Formulario llamado "Schedule EIC".
- Si no crió a niños en su hogar en 1999, presente cualquier Formulario de declaración de impuestos federales.

¡Aumente su talón de sueldo! Trabajadores que son responsables por la crianza de sus hijos pueden obtener pagos adelantados EIC en cada una de sus quincenas. Obtenga el Formulario W-5 de su patrono o llame al teléfono 1-800-829-3676

¿Necesita más información? ¿Quiere enterarse de como puede conseguir ayuda gratuita para llenar los formularios de declaración de impuestos? Llame al IRS gratuitamente al 1-800-829-1040

BEST COPY AVAILABLE

The two–sided EIC envelope stuffer is easily reproduced on an office copier. Make copies with English stuffer on top. Then, turn original so Spanish is on top. Turn paper over and run it through again to get stuffers with English on one side and Spanish on the other. When trimmed, the stuffers should fit into just about any size envelope.

Give Your Paycheck a Boost!

Claim Your Earned Income Credit

86

87

A Tax Benefit for People Who Work

OR

+ Yearly Income less than **$30,580** +

- File Form 1040 or 1040A
- Attach Schedule EIC

= up to **$3,816**

If you lived with one child in 1999 and your family earned less than $26,928, you can get up to $2,312. If you lived with two or more children in 1999 and your family earned less than $30,580, you can get up to $3,816.

OR

+ Yearly Income less than **$10,200** +

- File Form 1040 or 1040A or 1040EZ

= up to **$347**

If you had no children living with you in 1999 and you earned less than $10,200, AND you were between ages 25 and 64, you can get up to $347.

For information or tax filing assistance near you:

Call 1-800-829-1040
to learn how you can get the Earned Income Credit

OR

for a FREE Tax Help location near you.

Ask about VITA, the IRS program that helps people fill out their tax forms for free. VITA sites are open late January - April 15.

¡Aumente Su Sueldo!

Reclame Su Crédito por Ingreso de Trabajo

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Un Beneficio Fiscal para Gente que Trabaja

+ Ingresos Anuales menos de **$30,580** +

- Llene el Formulario del IRS 1040 o 1040A
- Adjunte el Formulario "Schedule EIC"

= hasta **$3,816**

Si usted vivió con un niño en 1999 y su familia ganó menos de $26,928, usted puede recibir hasta $2,312. Si usted vivió con dos o más niños en 1999 y su familia ganó menos de $30,580, usted puede recibir hasta $3,816.

+ Ingresos Anuales menos de **$10,200** +

- Llene el Formulario del IRS 1040 o 1040A o 1040EZ

= hasta **$347**

Si con usted no vivió ningún niño en 1999 y ganó menos de $10,200, y si usted tenía entre 25 y 64 años, puede recibir hasta $347.

Para información ó ayuda de declaración de impuestos cerca a usted:

Llame al 1-800-829-1040
para aprender como usted puede reclamar el Crédito por Ingreso de Trabajo

ó

para la oficina más cercana de Ayuda Gratuita de Declaración de Impuestos.

Pregunte sobre VITA, el programa del IRS que ayuda a los interesados a llenar los formularios de impuestos gratuitamente. Las oficinas de VITA están abiertas desde finales de enero hasta el 15 de abril.

La Campaña de Crédito EIC2000 Por Ingreso de Trabajo